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TODAY: MONEY

Iran Voters Sense Power In Local Elections

By Howard Schneider
Washington Post Service

TEHRAN — In the war room of the Islamic Iran Participation Front, Mohammed Reza Tahmohsebi shuffled the pieces of a Tehran city map that he had cut up, neighborhood by neighborhood, to fine-tune his group's battle plan:

One bus per district, five volunteers per bus, all armed with campaign fliers that he hoped would tilt the local elections Friday — the first since the Islamic revolution in 1979 — in favor of his party's candidates and therefore in favor of the country's reformist president, Mohammed Khatami.

The elections have generated enormous excitement in Iran, enticing thousands of candidates into the ring and raising hopes that Mr. Khatami's vision of a more open, pluralistic society may be edging closer to reality.

With a spirited competition among slates of liberals and conservatives, reformers and traditionalists, the elections are "important because part of the power of the government is going to transfer to the people," Mr. Tahmohsebi said.

Turnout at the nation's 50,000 polling stations appeared to be heavy. Voting, which began at 8 A.M. and was to last eight hours, was extended by one or two hours in a number of cities, including Tehran.

Although it is far ahead of many Middle Eastern countries in terms of political pluralism, Iran is still some distance from democracy as practiced in the West.

Ultimate power rests with an unelected religious leader, Ayatollah Sayed Ali Khamenei, whose conservative followers continue to dominate Parliament and the security services. This week, the campaign headquarters of one liberal party were sprayed with gunfire and workers at another were

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Reuters

Young Iranians in Tehran poring over their ballots Friday before voting in the first local elections since 1979.

Clinton Calls Help For Russia a Priority

He Pledges Support to Confront Moscow's 'Enormous' Problems

Compiled by Our Staff From Dispatches

SAN FRANCISCO — President Bill Clinton said Friday that one of the main priorities of American foreign policy should be to help Russia overcome its enormous problems.

"We must confront the risk of Russia weakened by the legacy of communism and also by its inability at the moment to maintain prosperity at home or control the flow of its money, weapons and technology across its borders," Mr. Clinton said in an address to a group of foreign policy and public affairs organizations in which he outlined his foreign-policy goals for the final two years of his administration.

"The dimensions of this problem are truly enormous," he said.

"If Russia does what it must to make its economy work, I am ready to do everything I can to mobilize adequate international support for them."

In the speech, Mr. Clinton also pleaded for active U.S. involvement overseas — from China to Kosovo — saying Americans "must embrace the inexorable logic of globalization."

He offered a defense of China on the same day that the State Department reported a sharp erosion of human rights there.

"Everything from the strength of our economy, to the safety of our cities, to the health of our people depends on events not only within our border but half a world away," Mr. Clinton said.

The conflict in Kosovo, where his administration has yet to cement a peace deal despite Secretary of State Madeleine Albright's intercession and an offer of U.S. peacekeepers, was a centerpiece of Mr. Clinton's outline.

"Kosovo is not an easy problem," he said. "But if we don't stop the conflict now, it clearly will spread. And then, we will not be able to stop it except at far greater cost and risk."

The president issued a warning to President Slobodan Milosevic of Yugoslavia that NATO was "prepared to act" if his forces engaged in repression of ethnic Albanians in Kosovo before peace talks resume on March 15.

"President Milosevic should understand that this is a time for restraint, not repression," Mr. Clinton said. "And if he does not, NATO is prepared to act."

Mr. Clinton spoke as the State Department released in Washington its annual human rights report to Congress. The timing put Mr. Clinton in the awkward position of defending China — and his policy of engagement with the communist giant — at the same time that his administration reported a sharp deterioration in that's country's human rights record. (Page 2.)

A crackdown on political dissent late last year reversed recent signs of improvement, the State Department found. Mr. Clinton tried to find an explanation in China's economic problems.

"China's rate of economic growth is

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The Dollar

New York	Friday @ 4 P.M.	previous close
Euro	1.1025	1.1043
Pound	1.603	1.6041
Yen	119.05	119.775
DM	1.774	1.7714
FF	5.9477	5.9411

Dollars per pound and per euro

The Dow

	Friday close	percent change
— 59.76	9,306.58	— 0.64%

S&P 500

— 6.69	1,238.33	— 0.54%

Nasdaq

— 38.81	2,288.01	— 1.67%

Russia Is Sinking Into the Void of a 'Failed State'

Faltering Central Authority Imperils Nation

By David Hoffman
Washington Post Service

MOSCOW — When President Boris Yeltsin arrives at the Kremlin, a Russian tricolor is hoisted over the citadel of government authority to show that he is there — at work.

But the flag has not flown much lately. Mr. Yeltsin, suffering from a bleeding ulcer, has come to the Kremlin only sporadically.

Although he was back in the office Friday, his prolonged absences are contributing to what some prominent analysts maintain is a long slide toward the collapse of central authority in Russia and, perhaps, the crumbling of Russia as a federation.

Russians have long feared that the country would shatter in a violent crack-up, ignited by secessionist movements in its diverse regions.

But a different model is now gaining currency among political and economic analysts, who say Russia is in imminent danger of becoming a "failed state," not breaking into pieces as the Soviet Union did in December 1991, but simply ceasing to function as a cohesive federal government.

Many Russian politicians and political analysts say the debasement of Moscow's authority — possibly leading to a long stagnation and drift in which no one rules — threatens to bring its own special dangers, opening the doors to even more corruption and lawlessness, weapons proliferation, health hazards and environmental pollution.

If Russia becomes a failed state, the risks are that individual regions and parts of Russian society will go their own way — making it difficult, for example, for Russia to control factories making missile parts or to cope with such problems as a spread of disease or massive piracy of intellectual property.

Prime Minister Yevgeni Primakov has become so concerned about the ebbing power of the central government that he suggested recently that Russia should scrap the election of regional governors, seen by many as one of the major gains of the country as it seeks to democratize.

Instead, Mr. Primakov proposed that regional chieftains answer directly to the Kremlin, as they did in Soviet days — which would require rewriting the constitution. Mr. Primakov lamented that the Kremlin's chain of command over the country was "not a solid line" but rather "a vertical broken line — broken."

Moscow's once all-powerful authority had been eroding for years, even before the disintegration of the Soviet Union. But in recent months, several factors seemed to add to the disarray.

Hobbled by economic decline, the government has become dysfunctional in some of its core responsibilities, including such pillars of central authority as the military, the courts and tax collection.

Also, a political vacuum at the top — the president ill, his prime minister struggling to hold together an unwieldy coalition cabinet — has left Russia rudderless and thrust problems on the often-unprepared regional bosses.

The deterioration of Kremlin power could be difficult if not impossible to reverse. Russia has become an anything-goes, chaotically libertarian society.

Meanwhile, the central government has crumbled from within. In everything from law enforcement to the military, from public health to scientific research, Russia's national institutions and agencies are a bare shadow of earlier years.

Some of Mr. Yeltsin's lieutenants have tried in vain to reassert the might of the center, such as an attempt two years ago by Deputy Prime Minister Anatoli Chubais to use police tactics to force major companies to pay taxes.

It flopped. As a result of government

See RUSSIA, Page 4

The Associated Press

President Yeltsin of Russia, right, in an exchange Friday with Prime Minister Primakov during a conference on a regional customs union.

U.S. Growth Surges in 4th Quarter

Economy Steams Ahead At Annual Rate of 6.1%

By Sylvia Nasar
New York Times Service

NEW YORK — Wearing the rest of the world's woes as lightly as a silk scarf, the U.S. economy waltzed into 1999 even faster than previously thought.

The nation's output of goods and services grew at a remarkable 6.1 percent annual rate in the fourth quarter of 1998, a good deal more rapidly than the 5.6 percent annual rate earlier estimated by the Department of Commerce, and more rapidly than at any time since the spring of 1996.

At the same time, inflation dipped to a 0.7 percent annual rate, the lowest since the Soviets launched Sputnik more than 40 years ago. It was an extraordinary turn for one of the world's most mature economies, much less one in the ninth year of an economic expansion.

Instead of languishing in warehouses, the extra year-end production ferreted out by the Commerce Department was reflected in stronger sales to customers. Consumers bought cars and other big-ticket items, home buyers snapped up new construction, and foreigners, despite their troubles, kept on buying American products and services.

For all of 1998, the economy grew 3.9 percent, matching the 1997 increase.

To be sure, some of last quarter's strength was exaggerated by one-time factors and therefore likely to be undone in the current quarter. The orgy of year-end car buying, which followed the end of last summer's GM strike, will not be repeated.

An apparent easing in the nation's trade balance at the end of the year, which helped strengthen the growth figure, is probably an artifact of the imperfect art of seasonal adjustment.

For the last half-dozen years, like clockwork, the trade figures have improved in the fourth quarter only to deteriorate sharply in the first.

Moreover, the world is still a dangerous place, as Alan Greenspan, chairman of the Federal Reserve Board, keeps repeating. The possibility that stock prices could fall from lofty levels continues to pose the biggest risk to the U.S. expansion.

But that is not the only risk: Private debt, for both households and corporations, has been growing at an impressively rapid rate, and while the trade deficit shrank at the end of last year, it nonetheless set a record for the year as a whole.

That said, the economy's momentum is impossible to gainsay. The latest snapshot has forecasters raising their 1999 growth estimates yet again — forecasters are now looking for nearly 3 percent growth in the coming year — and ordinary Americans pondering some of the likely consequences of that strength such as higher interest rates and a stronger dollar.

As always, growth is bound to be uneven. Trade will almost certainly exert a drag on the economy, says William Dudley, chief economist at Goldman, Sachs. Mexico is being kept aloft by the strong U.S. economy, but the rest of the Latin American economy is sinking rapidly in the wake of Brazil's devaluation.

South Korea is growing again, Japan is showing some signs of life after a massive infusion of fiscal stimulus, but Asia is apt to remain shaky for a while to come. And Europe seems to be slowing down faster than most people expected. The German economy actually shrank slightly in the fourth quarter of 1998.

Home buyers, who drove sales of

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Hong Kong Faces Up to Testing Times

Court Bows to Power of China

By Mark Landler
New York Times Service

HONG KONG — Bowing to intense political pressure, Hong Kong's highest court said Friday that it had not meant to challenge the authority of the Chinese government in a recent ruling on immigration.

The extraordinary statement, which came in response to a request by the Hong Kong government, may heal the most serious rift with Beijing since this former British colony reverted to Chinese rule 19 months ago.

But it drew blistering criticism from lawyers and opposition leaders, who said the court's statement was a surrender that bodes ill for the future of a vigorous and independent legal system in Hong Kong.

The Court of Final Appeal ran afoul of Beijing when it ruled last month that children born in the mainland who have at least one parent living in Hong Kong have the right to residency here.

See COURT, Page 4

As Sales Fall, Growth Slows

By Thomas Crampton
International Herald Tribune

HONG KONG — The government on Friday cut its official five-year economic growth forecast as retail sales recorded their worst year ever, highlighting the depth and extent of troubles faced by Hong Kong's once vibrant economy.

Expectations for annual growth in the next five years were revised down to 3.5 percent from the 4.5 percent predicted last year, said Denise Yue, secretary of the Treasury.

Separately, officials reported that retail spending in Hong Kong, one of Asia's leading shopping destinations, fell 17 percent in December, making 1998 the worst year since the city began keeping records in 1981.

Ms. Yue announced plans to increase public spending in the next financial year, despite a sharp drop in revenue caused by the deepest recession in a generation. She said that because of the recession, spending had now outstripped growth in the real economy after years of fiscal prudence.

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AGENDA

Security Council Ends Angola Mission

UNITED NATIONS, New York (AFP) — The Security Council on Friday voted unanimously to end the UN peacekeeping mission in Angola, following the collapse of peace accords.

The 15-member council voted in favor of a resolution that provides for the "technical liquidation" by March 20 of the UN mission in Angola, now made up of about 1,000 observers monitoring the implementation of 1994 peace accords.

The accords collapsed at the end of last year when UNITA rebels, condemned by the council for not complying with the peace accords, and government forces resumed fighting.

The Angolan government has insisted on the withdrawal of the latest UN mission, accusing the UN troops of failing to disarm the rebels. Discussions are continuing on a follow-up mission.

U.S. and Britain Seek Deadline for Libya

UNITED NATIONS, New York (AFP) — The United States and Britain on Friday set a month-long deadline for Libya to surrender two suspects wanted for the 1988 Lockerbie bombing, Sir Jeremy Greenstock, Britain's ambassador to the UN, said.

The UN Security Council has not yet made a decision on a deadline, Sir Jeremy acknowledged.

Sir Jeremy called on Libya to hand over the suspects immediately. "It's now, not months or weeks, it's days," he said.

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Great Britain	UK £1.00	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R16 incl VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$40.00

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Nigerians Go to the Polls With Few High Hopes

By James Rupert
Washington Post Service

ABUJA, Nigeria — Nigeria's election of a president Saturday could become the first time in 20 years that its more than 100 million people get a voice in choosing their government. It is an improvement over three decades of corrupt, often brutal, military rule, but falls far short of democracy, according to most Nigerians interviewed in recent months.

Amid the harangue of city markets or the placid offices of lawyers and church leaders, it is not celebration, but something cautious, hopeful and fearful that Nigerians express about their chance to elect a government.

That is because this "isn't the real transition to something democratic," said Kayode Fayemi, a Nigerian political scholar based in London. "But it could be an opening of a political space that could let civil society slowly build democracy. It's the best we can hope for right now." Still, the election advances a change here that could become Africa's most important political transformation since Nelson Mandela led South Africa out of apartheid.

A decade after this continent began a halting shift from Cold War dictatorships toward more democratic governments, "Nigeria is the single most powerful actor" for a wide swath of Africa, said Edem Kodjo, a former prime minister of Togo and secretary-general of the Organization of African Unity.

He said in an interview last year that if it turned democratic with its "huge economy and influence, the strongmen of Africa will have no future."

For now, Nigeria's senior soldiers, many of whom have built business and political machines with fortunes they gained in office, are not really giving up power. Rather, discredited by the economic destruction and unpopularity of their rule, they are making what many Nigerians say is a tactical retreat. They are giving up direct fiat for a more discreet role in what effectively will be a coalition government formed of retired military officers and prominent civilians who have been their political and business partners for years.

Like armies that quit power in Chile, Pakistan, Argentina and elsewhere, Nigeria's military is seeking protection against retribution for its acts in office or a loss in status, according to Isawa Elaigwu, a Nigerian political scientist. Active and retired officers are worried by Nigerian demands for investigations of military corruption and brutality, a Western diplomat said.

"They're more worried after what has happened to Augusto Pinochet," who is facing possible extradition from Britain to Spain for prosecution of human rights abuses under his rule, the diplomat said.

In Chile, continued power for General Pinochet and assurances for the military were written into law. But Nigeria's military is backing a political party now likely to form the next government.

As the serving military prepares to quit office, Nigerians are uncertain they will stay out. The only previous time the soldiers left, in 1979, the civilians who

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Resolution on Rights Is Denounced by China

Compiled by Our Staff From Departures

BEIJING — China on Friday attacked a U.S. Senate resolution condemning Chinese human rights violations, adding to tensions ahead of a visit next week by the U.S. secretary of state, Madeleine Albright.

Trade, Taiwan and security have all caused protests between the two giants and Mrs. Albright faces an even tougher task after the U.S. Senate resolution, which urged that the UN condemn China's rights record.

"The Chinese side expresses strong resentment and opposition to the resolution," China's foreign ministry said in a statement. "The truth has been proven for many times that the human rights issue will not be resolved through confrontation.

"Some people in the United States try to interfere with China's internal affairs using the human rights issue. But it will definitely fail."

The criticism came as the State Department told Congress on Friday that China went into reverse on human rights last autumn, backtracking on political reform while continuing "to commit widespread and well-documented human rights abuses" that defied international norms.

On top of killings, torture of prisoners, forced confessions and other familiar practices of an authoritarian state, officials in November began to impose new regulations on the Internet, the publishing industry and social organizations, closed several newspapers and barred politically sensitive publications, the State Department said.

Using sharper language than it has in recent years, the 1999 survey of human rights around the world said Beijing had abruptly ended a loosening of curbs on freedom of expression and association noted in 1997 and 1998.

While taking some steps to assuage foreign critics, such as signing in October the UN Covenant on Civil and Political Rights, China "gave no indication when the covenant would be ratified," it said.

Serious abuses also intensified over the past year in areas populated by ethnic minorities, notably in remote Tibet and Xinjiang, the report said.

Chinese authorities meanwhile continued to detain Gendun Choekyi Nyima, whom the Dalai Lama designated in 1995 as the 11th Panchen Lama, the second-highest leader in Tibetan Buddhism, along with his family.

Religious groups, including Protestants and Catholics, again experienced interference and repression even as the number of adherents in many churches continued to grow at a rapid pace, Congress was told.

The report also said that the Chinese government still has not provided a comprehensive and credible accounting of those missing or detained in connection with the democracy uprising at Tiananmen Square in Beijing in 1989.

The United Nations, meanwhile, said Friday that a UN delegation would visit China next month to look at what help the country needs to implement its commitments on human rights.

The four-person team visits the country from March 8 to 22. It will go to Beijing and Shanghai among other areas, but will not visit Tibet, said Jose Diaz, spokesman for the UN High Commissioner for Human Rights.

He said the team would review what technical help China needed to promote and protect human rights.

(AP, AFP, Reuters)

Sagir/Reuters

Refugees from violence, escorted by a soldier, leaving Ambon, Indonesia, Friday amid Christian-Muslim clashes.

Christians In Indonesian City Protest Troop Action

Reuters

AMBON, Indonesia — Thousands of Christians marched through the town of Ambon on Friday, demanding that non-Ambonese troops sent to quell sectarian clashes, which have left 200 dead in a month, be withdrawn immediately.

"They are not efficient; they even triggered the riots," said one of the 5,000 protesters in this capital of the Moluccas, 2,300 kilometers (1,440 miles) east of Jakarta.

There were no reports of violence during the protest. But scattered Christian-Muslim skirmishes on the island injured a handful of people Friday, witnesses said.

Indonesia has been racked by waves of unrest over the past year as ethnic, religious and social tensions boiled over, fueled by spiraling poverty amid the country's worst economic and political crisis in decades.

Police and soldiers have been ordered to shoot rioters and troublemakers on sight, and a rapid-response force is being raised to deal with outbreaks of unrest.

The native Melanesian Ambonese are mainly Christian, but many Asian Muslims from elsewhere in the vast Indonesian archipelago have come to the island for business and as civil servants.

Ambon was a virtual ghost town on Friday after Christian-Muslim clashes killed at least 24 people this week. More than 160 died in sectarian violence here last month, and several more have died in other minor clashes.

Hari Sabarno, deputy speaker of the national Parliament, has said local officials should ask the government to declare martial law.

■ **Albright to Meet Rebel Leader**

U.S. Secretary of State Madeleine Albright will meet the East Timorese rebel leader Xanana Gusmao on March 5, Mr. Gusmao's lawyer said Friday, Reuters reported from Jakarta.

Mrs. Albright will be the most senior foreign representative ever to meet Mr. Gusmao, who was moved earlier this month to house arrest in Jakarta from prison.

BRIEFLY

Cambodia Donors Attach Strings

TOKYO — Major donor nations promised Cambodia $470 million in aid Friday, but they linked it to the implementation of political and social reforms in the poverty stricken nation.

Prime Minister Hun Sen vowed to resign if the reform efforts failed. "If we are not successful in carrying out the reform, then it would be a matter for me to leave this position by 2001," he told reporters in Tokyo.

The announcement of assistance to Cambodia by 17 donor countries and six international finance organizations was made at the close of the two-day Consultative Group Meeting for Cambodia. *(AP)*

Designer Sues in Anwar Case

KUALA LUMPUR — A fashion designer accused of having sex with the dismissed finance minister of Malaysia, Anwar Ibrahim, sued the government for assault and battery Friday, saying he had been coerced into making a false confession.

"I have been oppressed by the police," Mior Abdul Razak Yahya said in a statement after his lawyer filed the suit with the High Court.

Mr. Mior was one of five men named in criminal counts lodged in September and alleging sodomy by Mr. Anwar.

He and two others confessed but then retracted the allegations, saying police had forced them into making false declarations through the use of threats and physical abuse in order to build a case against Mr. Anwar. Mr. Anwar has pleaded not guilty to the charges. *(Reuters)*

Bangladesh Recovers After Strike

DHAKA, Bangladesh — Bangladeshis went to work and schools Friday, usually the weekend here, to recoup losses suffered from a three-day anti-government strike that paralyzed the country's main cities and claimed seven lives.

"We must try to make up the losses as much as possible," said Abdul Huq, a cloth merchant in Dhaka.

The nationwide shutdown was called by the mainstream opposition to disrupt local elections that were held over the same three-day period.

Rival groups fired shots or hurled crude bombs at each other, leaving seven people dead and nearly 400 injured in Dhaka and other cities during the strike. *(AP)*

China Finds Air Crash Recorders

TANGTOU, China — Investigators have found two flight recorders from an airliner that crashed this week in China, killing all 61 aboard in the country's worst aviation disaster in nearly five years, government news sources reported Friday. The voice and flight data recorders could provide clues as to why the China Southwest Airlines jet crashed. *(AP)*

Avalanche Toll Rises to 37

Helicopters Evacuate Hard-Hit Austrian Valley

Agence France-Presse

LANDECK, Austria — Rescue helicopters evacuated thousands of shocked tourists from an Austrian valley Friday as the death toll from a double avalanche rose to 37, with only one victim still buried.

Amid a renewed high risk of snowslides, authorities said they were willing to evacuate anyone who wanted to leave the Tyrolean valley, cut off from the outside world for more than a week.

By midday, about 5,500 tourists had been flown out. Colonel Raimund Lanner of the Austrian Army said, adding that everyone who wanted to leave should be out by nightfall. Friday night, a rescue official said the evacuation, which involved a total of 10,000 people, had ended.

Only one victim was still missing in the village of Galtuer, where a massive avalanche struck Tuesday, while the definitive death toll in the neighboring hamlet of Valzur, hit just 24 hours later, was put at seven.

As weather remained good for a second straight day, a group of 35 helicopters, including 10 U.S. Blackhawk aircraft that had seen action in Bosnia, resumed the airlift into Paznaun Valley shortly after dawn Friday.

In favorable conditions, the helicopters had flown until 10 P.M. Thursday.

The road into the valley has been blocked since before last weekend. Experts are investigating whether it can be reopened, but have so far said the risk of new avalanches is too great to do so.

The governor of Tyrol, Wendelin Weingartner, said it was hoped to open the road by Sunday.

Rescue officials said the evacuation concentrated on the resort of Ischgl, just down the valley from Galtuer, where about 6,000 tourists were trapped for more than a week.

The operation, they said, would also concentrate on moving people from isolated chalets and hamlets along the valley, as well as the resorts of Kappl and Mathon. In Kappl, 20 houses were evacuated Friday due to an avalanche risk.

An official in Ischgl said the situation was far from critical but admitted many people wanted to leave.

"Everybody wants to get out, mostly because they've been staying in Ischgl for eight days and some of them have no more money," said Peter Reiner, a tourist office employee, adding that the resort had provided free cinema and swimming pool access to all the blocked tourists.

"The situation is not easy, for the guests or the population," he added. "But everybody has to stay cool and get the best from the situation."

But experts put the avalanche risk at 4 or 5 on a 5-point scale. Meteorologists warned that warmer temperatures since Thursday risk melting snow on mountainsides and making it more liable to slippage.

The Austrian double avalanche tragedy was the center of one of the most deadly weeks in Europe's Alpine region for decades, including deaths in France and Switzerland, where thousands of tourists were also blocked.

Lawyer Appeals for Better Jail Treatment of Ocalan

By Stephen Kinzer
New York Times Service

ISTANBUL — A lawyer for the imprisoned Kurdish guerrilla leader Abdullah Ocalan said Friday that he had visited his client and found him well but groggy.

Security officials allowed the lawyer, Ahmed Zeki Okcuoglu, to visit Mr. Ocalan on Thursday. It was the first time Mr. Ocalan has had access to counsel since he was brought to Turkey as a prisoner on Feb. 16. Jailers limited the interview to the topic of Mr. Ocalan's health and forbade any discussion of his case.

"He appeared all right, but he complained about problems in his eyes and ears," Mr. Okcuoglu said at a news conference. "He could experience a deep psychological collapse if he is always in the presence of interrogators from the General Staff and is unable to have contact with the outside world."

Asked if Mr. Ocalan had been drugged, he replied: "Probably. His eyes were glazed."

Mr. Okcuoglu said he has asked the government to transfer Mr. Ocalan from the island prison where he is being held to a regular prison, to curb media reports that routinely refer to him as "the murderer of 30,000" and "the baby-killer" and to offer protection to himself and other defense lawyers, who he said were receiving death threats.

A lawyer who accompanied Mr. Okcuoglu to the prison meeting, Osman Baydemir, was arrested on his way to Friday's news conference. The police said he was sought on an old warrant but gave no details.

Newspapers have been carrying what they say are leaked versions of Mr. Ocalan's statements to interrogators. In them, he expresses remorse for his past activities, says he received money and weapons from supporters in Greece and begs for mercy.

Both Mr. Ocalan's Kurdistan Workers Party, or PKK, and the Turkish government came under sharp criticism Friday as the State Department issued its annual human rights report in Washington. The report said disappearances and beating deaths in prisons were still occurring in Turkey, and that the country's human rights performance "is inadequate and needs to be brought into line."

"PKK terrorists frequently killed noncombatants, targeting village officials, village guards, teachers and other perceived representatives of the state," the report said. "As part of its fight against the PKK, the government forcibly displaced noncombatants, failed to resolve extra-judicial killings, tortured civilians and abridged freedom of expression."

The arrest of Mr. Ocalan has led to a crackdown on Turkey's legal Kurdish political party, People's Democracy. A senior prosecutor has asked the Constitutional Court to prevent it from participating in national elections scheduled for April.

The prosecutor, Vural Savas, has already begun a case aimed at banning the party, but it is not likely to be decided before the election. He has been asserting for months that the party works secretly with the PKK, which party leaders deny.

President Suleyman Demirel appealed to Kurdish rebels to give up their struggle, and to the Turkish Parliament to approve a "repentance law" under which rebels would be welcomed back into society if they have not committed especially brutal crimes.

"Turkey has reached a turning point," Mr. Demirel told reporters aboard a plane on which he was returning from a trip to Asia. "We must bring our children down from the mountains, because they are our children, misled into terrorism and committing murders."

Mr. Demirel also continued his sharp criticism of Greece, under whose diplomatic protection Mr. Ocalan was living when he was captured two weeks ago in Kenya.

"Whoever supports the killers of innocent people has blood on his hands," he asserted. "I say they are not behaving like a civilized country."

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TRAVEL UPDATE

U.K. Tourism Campaign

LONDON (Reuters) — Britain, expecting 2 million extra visitors this year for millennium celebrations, launched a plan Friday to become a world leader in the fast-expanding tourist industry.

Seaside resorts are to be upgraded and accommodation improved, and niche markets like sport tourism are targeted. Also, overseas and on-line promotions are to be boosted.

Lufthansa will allow passengers to use their portable CD and mini-disc players and laptops with CD-ROMs during flights from March 28, the airline announced Friday. The use of mobile phones will continue to be prohibited. *(AFP)*

Sweden's buses were at a standstill Friday, the second day of a strike over working conditions by an estimated 16,000 public bus drivers. *(Reuters)*

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

North America
Rain and thunderstorms will extend from the Florida Gulf Coast all the way to southeastern Canada Sunday. Drying out Monday and Tuesday. Unseasonably warm in the Rockies and the Southwest with sunshine. Cooling off in the Rockies by Tuesday. Stormy in the Plains and Midwest Tuesday.

Europe
Stormy across the Mediterranean from Sicily to Crete Sunday through Tuesday with rain, heavy at times. A series of progressively stronger fronts will move across the United Kingdom with windy, showery weather. Stormy there by Tuesday. Nicer in Spain and Portugal with sunshine.

Asia
Damp and rainy weather will encompass much of southeastern China Sunday through Tuesday, while areas from near Shanghai eastward to southern Japan are dry with some sunshine. Chilly near Sapporo with some snow or flurries. Mild in Beijing with a mixture of clouds and sun.

Maps, forecasts and data provided by AccuWeather, Inc. ©1999 • http://www.accuweather.com

Europe

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Algarve	19/61	4/39 pc	s	14/57	7/44 s	
Amsterdam	8/46	3/37 r		6/43	6/43 r	
Ankara	6/43	-3/27 c		11/52	1/34 pc	
Athens	13/55	7/44 pc		18/61	9/48 s	
Barcelona	13/55	10/50 r		11/52	6/43 pc	
Belgrade	10/50	1/34 s		13/55	2/35 pc	
Berlin	7/44	3/37 c		6/43	1/34 c	
Brussels	9/48	3/37 r		6/43	3/43 r	
Bucharest	10/50	3/37 pc		16/61	5/41 pc	
Budapest	10/50	3/37 c		9/48	1/34 c	
Copenhagen	7/44	4/39 r		4/39	0/32 c	
Costa Del Sol	14/57	10/50 r		13/55	6/43 sh	
Dublin	6/43	2/35 sh		8/46	6/43 r	
Edinburgh	4/39	0/32 sh		5/41	1/34 sh	
Florence	15/59	7/44 s		12/53	8/46 sh	
Frankfurt	8/46	1/34 c		6/43	-3/29 c	
Geneva	7/44	2/35 pc		6/43	-1/31 c	
Helsinki	-2/29	-6/22 sn		-1/31	-4/25 sn	
Istanbul	9/48	4/39 pc		13/55	9/48 s	
Kiev	1/34	-3/27 sf		4/39	2/35 sh	
Las Palmas	18/64	13/55 s		17/62	13/55 s	
Lisbon	14/57	6/43 pc		12/53	7/44 s	
London	8/46	3/37 sh		8/46	6/43 r	
Madrid	10/50	2/35 r		9/48	0/32 pc	
Majorca	15/59	9/48 r		12/53	4/39 sh	
Milan	13/53	3/37 s		9/48	5/41 r	
Moscow	-1/31	-10/15 sn		-1/31	-7/20 c	
Munich	11/52	0/32 pc		6/43	-1/31 c	
Nice	14/57	11/52 pc		13/55	11/52 r	
Oslo	1/34	-1/31 sn		2/35	-5/24 sn	
Paris	7/44	3/37 r		6/43	4/39 sh	
Prague	10/50	2/35 pc		7/44	-1/31 c	
Reykjavik	1/34	-3/27 pc		1/34	-4/25 c	
Riga	3/37	-1/31 c		2/35	-3/27 sn	
Rome	15/59	7/44 pc		16/61	7/44 c	
St. Petersburg	-4/25	-7/20 sf		-2/29	-3/27 c	
Sofia	9/48	4/39 pc		14/57	4/39 pc	
Stockholm	2/35	0/32 c		2/35	-5/24 sn	
Strasbourg	11/52	6/43 pc		6/43	1/34 c	
Tallinn	-2/29	-6/22 sf		1/34	-4/25 sn	
Tbilisi	13/55	1/34 sh		19/66	-1/31 pc	
Venice	13/55	4/39 s		11/52	6/43 sh	
Vienna	12/53	4/39 pc		10/50	2/35 sh	
Warsaw	3/37	1/34 c		6/43	-1/31 sh	
Zurich	10/50	3/37 pc		6/43	1/34 c	

Middle East

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Abu Dhabi	33/91	22/71 pc		34/93	20/68 s	
Beirut	16/61	11/52 sh		17/62	10/50 s	
Cairo	20/68	9/48 s		20/68	10/50 s	
Damascus	14/57	2/35 sh		17/62	3/37 s	
Jerusalem	14/57	5/41 pc		19/66	4/39 s	
Luxor	24/75	4/39 s		24/75	6/43 s	
Riyadh	29/84	19/66 pc		29/84	13/55 c	
Tehran	18/64	7/44 s		14/57	6/43 sh	

Asia

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Almaty	12/53	0/32 s		9/48	0/32 s	
Bali	31/88	24/75 r		31/88	24/75 r	
Bangkok	37/99	27/80 pc		35/95	25/77 c	
Beijing	9/48	-2/29 s		13/55	6/43 pc	
Bombay	35/95	21/70 s		35/95	21/70 s	
Calcutta	36/97	20/68 s		35/95	20/68 s	
Chiang Mai	39/102	19/66 pc		39/102	19/64 pc	
Colombo	31/88	23/73 sh		31/88	23/73 sh	
Hanoi	24/75	19/66 pc		23/73	19/64 pc	
Ho Chi Minh	37/99	24/75 s		34/93	25/77 pc	
Hong Kong	24/75	17/62 pc		20/68	16/61 pc	
Islamabad	23/73	7/44 s		23/73	9/48 s	
Jakarta	29/84	24/75 r		28/82	24/75 t	
Karachi	32/89	19/64 s		32/89	18/64 s	
K. Lumpur	33/91	23/73 pc		32/89	23/73 pc	
K. Kinabalu	30/86	22/71 pc		28/84	22/71 pc	
Manila	32/89	21/70 pc		30/86	20/68 pc	
New Delhi	27/80	10/50 s		27/80	10/50 s	
Phnom Penh	37/99	23/73 s		35/95	24/75 s	
Phuket	37/99	27/80 pc		36/96	25/77 c	
Rangoon	39/102	21/70 s		39/102	22/71 pc	
Seoul	1/34	-9/16 s		5/41	-3/27 s	
Shanghai	11/52	-1/31 s		11/52	4/39 pc	
Singapore	32/89	23/73 pc		32/89	23/73 sh	
Taipei	21/70	12/53 sh		18/64	14/57 pc	
Tokyo	14/57	-1/31 pc		7/44	3/37 s	
Vientiane	39/102	19/66 pc		33/91	17/62 s	

Africa

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Algiers	20/68	10/50 sh		16/61	7/44 r	
Cape Town	26/79	19/66 s		23/73	12/53 s	
Casablanca	13/55	4/39 r		13/55	5/41 pc	
Harare	23/73	15/59 r		23/73	11/52 sh	
Johannesburg	30/86	15/59 s		31/88	17/62 s	
Lagos	23/91	24/75 pc		32/89	24/75 pc	
Nairobi	29/84	12/53 pc		32/89	13/55 pc	
Tunis	21/70	10/50 pc		17/62	10/50 r	

Latin America

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Buenos Aires	31/88	20/68 pc		30/86	22/71 pc	
Caracas	27/80	17/62 pc		27/80	18/64 pc	
Lima	28/82	21/70 c		27/80	22/71 c	
Mexico City	24/75	9/48 pc		19/66	7/44 c	
Rio de Janeiro	28/82	23/73 t		28/82	24/75 pc	
Santiago	29/84	9/48 s		22/71	6/43 pc	

Oceania

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Auckland	24/75	17/62 r		22/71	13/55 s	
Sydney	23/73	17/62 pc		23/73	18/64 sh	

North America

	Saturday High C/F	Saturday Low C/F	Saturday W	Sunday High C/F	Sunday Low C/F	Sunday W
Anchorage	-4/26	-13/9 c		-8/22	-12/11 sn	
Atlanta	20/68	9/48 r		16/61	4/39 t	
Boston	9/48	-1/31 s		7/44	0/32 r	
Chicago	12/53	1/34 sh		7/44	-1/31 c	
Dallas	21/70	3/37 sh		21/70	7/44 s	
Denver	12/53	1/34 s		21/70	3/37 s	
Detroit	9/48	2/35 sh		7/44	-1/31 sh	
Honolulu	27/80	17/62 pc		26/77	18/61 sh	
Houston	24/75	11/52 sh		23/73	9/48 pc	
Los Angeles	27/80	7/44 s		24/75	11/52 pc	
Miami	28/82	18/64 s		26/79	15/59 t	
Minneapolis	3/37	-2/29 s		6/43	-1/31 pc	
Montreal	0/32	-2/29 pc		9/48	0/32 sh	
Nassau	24/75	17/62 s		25/77	17/62 pc	
New York	9/48	3/37 s		11/52	2/35 r	
Orlando	26/79	13/55 s		24/75	11/52 t	
Phoenix	25/77	11/52 s		29/84	13/55 s	
San Fran.	16/61	11/52 pc		17/62	11/52 c	
Seattle	13/55	7/44 r		13/55	5/41 r	
Toronto	6/43	4/39 sh		11/52	1/34 r	
Vancouver	9/48	1/34 r		7/44	-3/27 pc	
Washington	12/53	6/43 pc		13/55	3/37 r	

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather.

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Professor Bars Men From Feminist Class

Emotionally Disruptive, She Says

By Pamela Ferdinand
Washington Post Service

BOSTON — Putting her career on the line, a renowned feminist philosopher at Boston College is refusing to accept two male students for a course called "Introduction to Feminist Ethics."

Mary Daly, 70, a tenured associate professor and self-described radical, has refused to admit young men to her classroom, saying their presence is distracting and disruptive to female students engaged in emotional and intellectual feminist debates.

In the revolutionary spirit of the 1960s, when she began teaching at the Jesuit college, Ms. Daly refuses to back down, opting for a leave of absence in the face of an ultimatum from the administration: Teach men along with women or stop teaching.

"Boston College has wronged me and my students by caving into right-wing pressure and depriving me of my right to teach freely and depriving them of the opportunity to study with me," Ms. Daly said in a telephone interview. "I choose to stand my ground."

A pioneer in feminist theology and philosophy, Ms. Daly has written seven books, all used as texts in universities. They range from "The Church and the Second Sex," and "Beyond God the Father" to "Gyn/Ecology: The Metaethics of Radical Feminism."

"To me, the root of the mess in society is patriarchy," Ms. Daly said. "What I'm trying to do is get at the core of what oppresses women."

According to college officials, two students claim discrimination, alleging that Ms. Daly escorted them out of her classroom last semester with the ominous words: "You are not welcome here." Neither student could be reached for comment.

One, a senior who belongs to the campus Republican club, received the backing of the Center for Individual Rights, a conservative Washington-based law firm.

College officials say a lawsuit is unlikely because they share the students' concerns and have every intention of complying with Title IX, the federal anti-discrimination law designed to ensure both sexes have the same higher education opportunities.

The controversy, just weeks after Dartmouth College announced it may require that fraternities open their doors to the opposite sex, is sending a gender message of a different kind.

This time, the refrain is: No more "women only."

"It's a fairness issue," said Jack Dunn, a college spokesman. "It's a righteousness issue. And most important, it's a legal issue involving federal law."

Students said Ms. Daly, while widely respected for her scholarship, is considered a perpetual thorn in the side of the college administration, as much for her feminist theories as for her views on Catholicism.

Throughout her career, she has taken leaves to find shelter from similar storms. Male students protested their exclusion from her classroom in 1979 and 1989.

Yet after a period away from the classroom, she managed to quietly return with a slap on the wrist to her all-women domain.

She insists she is not a man-hater and laughs at the notion. In fact, she taught only men when she first arrived in 1966 — women were admitted only in 1970.

She has offered one-on-one instruction to about a dozen male students. But she said the senior who wanted to take her class this time had not completed a prerequisite course and had a political agenda.

"I'd rather go on leave than teach with him," she said. "The last thing he'd have an interest in is feminist philosophy."

Fernando Morales/Agence France-Presse

A Guatemalan expert on human remains examining a bone at a mass grave.

U.S. Aid and 'Genocide'

Guatemala Inquiry Details CIA's Help to Military

By Mireya Navarro
New York Times Service

GUATEMALA CITY — A "truth commission" report has concluded that the United States gave money and training to the Guatemalan military during the country's 36-year civil war, during which, the commission said, the military committed "acts of genocide" against the Mayan people.

The report of the independent Historical Clarification Commission, which was made public Thursday, contradicts years of official denial about torture, kidnapping and execution of thousands of civilians.

The commission estimated that the struggle took the lives of more than 200,000 Guatemalans.

Although the broad outlines of U.S. support to Guatemala's military have been known, the nine-volume report confirms that the Central Intelligence Agency aided the Guatemalan military forces.

The commission listed U.S. training of the officer corps in counterinsurgency techniques as a key factor in "human rights violations during the armed confrontation."

The commission, established as a part of a United Nations-supervised peace accord that ended the war in 1996, concluded that the government or allied paramilitary groups were to blame for more than 90 percent of the 42,000 human rights violations, 29,000 of which resulted in deaths or disappearance of people.

That attributes a somewhat higher percentage of deaths to the government and its allies than a report last year by the Roman Catholic Church that examined rights abuses.

The commission specifically named military intelligence as the organizer of illegal detentions, torture, forced disappearances and executions, and it said that many massacres were a direct result of government policy.

It stopped short, however, of identifying individuals responsible for various massacres.

While the scope of the bloodshed had been generally known, the report is the first by an internationally supported panel to lay out the extent of the violence and pin it on the government and its military allies.

In unexpectedly strong language, it describes the Guatemalan policy at the height of the war as a policy of genocide.

The report's estimate of more than 200,000 deaths is slightly higher than previous figures, and the number of documented massacres substantially exceeds figures used in previous examinations.

The war, which began in 1960, pitted a rightist military-controlled government against a classic Latin American leftist insurgency.

Largely a rural war carried out in the hinterlands where Mayan Indians lived, the military assumed that the Mayans sympathized with the insurgents and provided them with supplies, intelligence and shelter.

As a consequence, entire Mayan villages were attacked, burned and inhabitants were slaughtered in an effort to deny the guerrillas protection. The report said the Mayan population paid the highest price, when the military identified them as natural allies of the guerrillas.

The result, the report said, was an "aggressive, racist and extremely cruel nature of violations that resulted in the massive extermination of defenseless Mayan communities."

It recommended a reparations program for victims.

Livingston Gives Parting Plea

By Juliet Eilperin
Washington Post Service

WASHINGTON — Representative Bob Livingston of Louisiana, largely silent in the two months since he shocked his colleagues by announcing plans to resign rather than stand for House speaker, emerged to make a final plea for moderation and consensus as he ended his 21-year legislative career.

"Politician is not a dirty word, and compromise is the glue that renders democracy possible," Mr. Livingston said Thursday in his valedictory address on the House floor. "To my friends on the left: Government left unwatched can lead to injustice. To my friends on the right: Government is not inherently evil."

Mr. Livingston's conciliatory address seemed to capture the mood of a Congress struggling to move past impeachment and forge at least some meaningful legislative compromises. His words also were strikingly bereft of the bitterness one might expect from this chief casualty of the impeachment process: After admitting he had himself engaged in extramarital affairs, Mr. Livingston resigned the same day in December that the House impeached President Bill Clinton.

Indeed, in an interview later Thursday, Mr. Livingston offered few regrets about his brief and tumultuous tenure as would-be successor to Newt Gingrich of Georgia as speaker.

He is preparing to enter Washington's exclusive lobbying realm, making little pretense of his desire to make good money after years of occasional grousing about the difficulties of making ends meet in Congress.

Mr. Livingston expressed faith that the white supremacist, David Duke, who hopes to succeed him, will not outpace a crowded field in an open-party primary this spring. "Any amount of time you spend talking about him gives him more credence than he deserves," he said of Mr. Duke. "He will not win."

POLITICAL NOTES

Clinton Touts Medicare Plans

TUCSON, Arizona — President Bill Clinton on Thursday started his busiest run of sustained travel since 1996.

On the first of six days in the West, Mr. Clinton used an appearance in Tucson, Arizona, to promote his plans to shore up Social Security retirement benefits and Medicare. He is also scheduled to visit Arkansas, New Jersey, New York, Florida and a make four-day, four-nation swing through Central America. *(WP)*

No Presidential Bid for Kerry

WASHINGTON — After months of consideration, Senator John Kerry of Massachusetts has decided to skip the 2000 presidential race, according to sources close to the three-term senator.

Mr. Kerry, 55, who was to formally announce his intentions at a news conference in Boston, told colleagues of the decision in a round of phone calls Friday, according to a source who spoke on the condition of anonymity. *(AP)*

Quote/Unquote

Scott Reed, who ran the 1996 campaign of Bob Dole, the Republican nominee, on the buildup by Governor George Bush of Texas toward an announcement on his plans for a presidential campaign: "If anything, the Bush team has learned that you need to put filler out there or the void will be filled by somebody else. Since Jan. 1, he's really dictated and dominated the agenda in Republican politics." *(NYT)*

Away From Politics

• **A pipeline company has been** fined $7 million for a leak that polluted a South Carolina river with nearly a million gallons of diesel fuel. Colonial Pipeline was fined in Greenville, South Carolina, for the 1996 spill that killed 35,000 fish and affected 23 miles (37 kilometers) of the Reedy River, prosecutors said. *(AP)*

• **During the largest union election** in modern U.S. history, 74,000 Los Angeles County home-care workers voted nearly 10 to 1 to join the Service Employees International Union. *(LAT)*

• **In three incidents** last summer, 11 small children climbed into car trunks, pulled them shut and died from the heat when they could not get out. Beginning in March, General Motors will offer as optional equipment an illuminated release handle that many children could use to escape. *(NYT)*

Serbia Assailed on Human Rights

Annual U.S. Report Also Accuses China, Turkey and the Taleban

Compiled by Our Staff From Dispatches

WASHINGTON — Human rights in Serbia deteriorated sharply in 1998, the United States said Friday in its annual human rights report.

The report, covering 194 countries, also included blistering attacks on China; on the Taleban Muslim faction that rules most of Afghanistan, for its treatment of women, and on NATO ally Turkey for torture, harassment of the press and intolerance toward the Kurdish minority.

The annual U.S. report frequently provokes an angry reaction from targeted countries. They accuse the sole superpower of lecturing the world to adopt its own standards and of hypocrisy, with critics pointing to U.S. use of the death penalty and reports of police brutality.

The report does not include a section on rights observance in the United States itself.

Human rights in Serbia "deteriorated sharply in 1998," the report said.

It accused the regime of the president of Yugoslavia, Slobodan Milosevic, of using the military, police, judiciary and state-controlled media to strangle dissent and promote a brutal crackdown on civilians and separatist insurgents in Kosovo.

The State Department, underscoring an increasing focus on women's rights, said Afghanistan "represented perhaps the most severe abuse of women's human rights in the world."

It faulted the Muslim fundamentalist faction known as the Taleban for publicly beating women who failed to wear an all-enveloping head and body covering and for not being accompanied by a close male relative.

It accused the Taleban of "devastating disregard for the physical and psychological health of women and girls," including drastically limiting access to medical services.

On China, the report was more harsh than last year's version, which eased U.S. criticism of Beijing.

The latest report says Beijing's human rights record "deteriorated sharply at the end of 1998 with a crackdown against organized political opposition."

China was cited for "sharp limits of freedom of expression and association" in detaining dozens of political activists who tried to register a political party and in "harsh sentences in closed trials" given to three leaders, which "flagrantly violated due process."

On Turkey, the report cited "a general recognition, including by the government, that the country's human rights performance is inadequate and needs to be brought in line."

Accusing police and security forces, it said jail beating deaths and disappearances continued and torture was widespread.

Traditional targets came in for criticism, including Burma, Iraq, Iran, Syria and Libya. North Korea, despite economic disaster, continued brutally repressive measures to silence dissent, it said.

The report said that Cuba, despite Pope John Paul II's visit in 1998, continued to exercise control over all aspects of Cuban life and "suppress ruthlessly all forms of political dissent."

The report reflected an increasing U.S. focus on religious freedom. It cited Egypt, where 6 million Coptic Christians face legal discrimination and occasional violent assaults by extremists, and Saudi Arabia, where the minority Shiite Muslim community faces widespread discrimination in jobs, education and services. *(Reuters, AFP)*

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Effort to Sue Cigarette Firms Fails In Britain

By Tom Buerkle
International Herald Tribune

LONDON — The most ambitious attempt to sue tobacco companies outside the United States collapsed on Friday after a High Court judge dismissed suits brought by 46 cancer sufferers against Britain's two leading cigarette makers.

The ruling greatly diminished the prospect of successful litigation in Britain and demonstrated the legal and cultural differences that have prevented anti-tobacco forces from adopting American-style court tactics, according to legal experts and industry executives.

The dismissal of the suits "sends a signal to others contemplating similar action about their prospects of success," said Gareth Davis, chief executive of Imperial Tobacco Group PLC, one of the two defendants in the case.

"This is a great disappointment," said Bill O'Neill, head of tobacco policy at the British Medical Association, which represents most of the country's doctors.

He said Britain had lost its best chance to "force representatives of industry into the witness box to get at the truth of what has gone on in this country." Judge Michael Wright dismissed the suits after the plaintiffs and their lawyers decided to abandon their action following a damaging pre-trial ruling earlier this month.

In that ruling, Judge Wright rejected eight test cases because the plaintiffs filed their suits more than three years after being diagnosed with cancer, exceeding the statute of limitations under British law.

The judge also appeared to question the plaintiff's underlying argument that the companies were negligent for failing to reduce the tar content of cigarettes in the 1950s and 1960s, calling it "speculative." Unlike recent successful suits in the United States, the plaintiffs did not rely on the argument that smoking was addictive.

"There was just no point in continuing," said Martyn Day of the law firm Leigh, Day & Co., who initiated the case. The judge "made it clear he didn't like the case as a whole," he said.

In return for dropping the case, Imperial & Gallaher Group PLC, the other defendant, agreed not to pursue the plaintiffs and their lawyers for legal costs, which Imperial alone put at £7 million ($11.2 million). The plaintiffs' lawyers also agreed not to take new action against the two companies for 10 years, or against any other tobacco company for five years.

The withdrawal still leaves seven plaintiffs in the case, but with no lawyers to represent them and the possibility of being bankrupted by legal costs, they were expected to abandon their cases by an April 16 deadline. "The chance of other lawyers' being prepared to take this through is nil," Mr. Day said.

"It demonstrates the extent to which the U.S. is different," said Michael Prideaux, a spokesman for British American Tobacco PLC, which was not involved in the case but has participated in a $300 billion national settlement in the United States. "No other country has adopted the U.S. legal system in its full glory."

Eric Kolenberg/Agence France-Presse

A French cavalry detachment on its way to join NATO forces in Macedonia waiting Friday at Evzon, Greece.

Verifiers Are Detained in Kosovo

Serb Army, Moving In Tanks and Troops, Harasses International Group

By Carlotta Gall
New York Times Service

PRISTINA, Yugoslavia — International verifiers from the Organization for Cooperation and Security in Europe were coming under increased harassment Friday from Serbian security forces and officials in Kosovo, as what appeared to be a major military operation against ethnic Albanian rebels got underway in the north of the province.

The Serbian Army moved tanks and troop trucks into and around the village of Bukos to shell positions of the Kosovo Liberation Army, and dozens of soldiers fanned out across the mountain ridges to flush out remaining fighters.

OSCE verifiers, put in place in October to monitor a cease-fire between Serbs and the KLA, were prevented Friday from entering the village of Bukos by the Serbian military, which blocked the entrance road with a tree. Even after requests from the OSCE to remove the blockade, the Serbian Army refused.

The offensive, described by the Serbian Army as a "winter training exercise," has apparently developed into a major offensive as the army sweeps through a region parallel to the main railway line and road in northern Kosovo.

Meanwhile Serbian customs officers detained 21 verifiers overnight and most of the day at Serbia's southern border with Macedonia. It was the most serious diplomatic incident involving the international verifiers since the head of the OSCE mission, Ambassador William Walker, was declared persona non grata last month, and it prompted sharp protests from the mission to Belgrade.

"It is a serious matter, holding on to our people for over 20 hours, some of whom sat in the car all night," Mr. Walker said in an interview Friday in Pristina, the capital of the southern Serbian province of Kosovo.

The verifiers, most of them foreign nationals, were detained by Serbian customs officials, who demanded to inspect boxes inside the vehicles. OSCE verifiers have diplomatic status and so declined to allow the customs officials to inspect the cars.

The customs officials then took their documents and thus prevented them from leaving and returning to Macedonia. The first verifiers, all unarmed, were on their way into Kosovo from neighboring Macedonia, but as the incident developed more verifiers arrived to try to sort out the situation. They in turn were detained in the same way until finally a total of 21 staff were detained.

"The customs officials appeared to be drunk and were abusive verbally and in their body language," Beatrice Lacoste, a spokeswoman for the OSCE said. The verifiers then moved into their vehicles, where they spent the night.

Belgrade appeared to ignore repeated requests by the OSCE to allow the unarmed monitors to go. Finally the customs officials, who were armed, said they would use force to conduct an inspection and proceeded to search three cars.

The ordeal was over by late afternoon with no real explanation from Belgrade. It was a clear violation of the Vienna convention on diplomatic immunity, Mr. Walker said, and typical of the complete lack of cooperation being shown the OSCE by the Serbian authorities despite official agreements.

"They say they are cooperating fully, but at the same time they are harassing our people and using bureaucratic gimmicks," Mr. Walker said. "It is not a very comfortable position we are in."

RUSSIA: *Drifting Toward a 'Failed State'*

Continued from Page 1

weakness, many analysts say they expect that Mr. Yeltsin will be succeeded by a leader more inclined to resort to authoritarian methods.

The Kremlin's troubles have set off fresh alarms. Sergei Karaganov, deputy director of the Institute of Europe and chairman of the Council on Defense and Foreign Policy, a group of Russian business and political leaders, said the ebb of central authority was becoming so acute that the Kremlin might as well not worry about setting economic policy.

Mr. Karaganov said that Mr. Yeltsin no longer projected any meaningful authority from above and that Russians no longer trusted their government from below, following the devaluation of the ruble last year that brought on the country's most serious economic crisis since Soviet rule fell apart seven years earlier.

"I don't think there can be any economic policy," he said in an interview. "It's useless to have any economic policy in a situation where there is political paralysis spreading through the whole body. There are two sicknesses. One is the president, which paralyzes greatly the whole body, and the second is the fact that the population mistrusts the government greatly.

"We are experiencing a rapid deterioration of the government," he added. "You see it in hundreds of small episodes. The military is unable to pay at all, so the local governments pay the soldiers. Until recently, there was a complete stoppage of payment of funds to the courts. Imagine what that means."

Thomas Graham, a senior associate at the Carnegie Endowment for International Peace and a former U.S. diplomat here, suggested recently that Russia might turn into a failed state because of the weakness in Moscow.

"For the first extended period in modern Russian history," he said, "the center is neither feared nor respected."

Moscow "no longer controls the political and economic situation," he added. "It no longer reliably wields power and authority, as it has traditionally, through the control of the institutions of coercion, the regulation of economic activity and the ability to command the loyalty of, or instill fear in, the people."

Sergei Alexashenko, former first deputy head of the central bank, said Russian institutions under democracy were "obviously weak" and had "never managed to function properly."

"This applies to the institutions of power, the Parliament and the government, to the 'power ministries' — the army and law enforcement bodies, to economic structures," he said.

The economic crisis, he said, is largely rooted in the "inability of the state to perform one of its prime functions: tax collection."

The deterioration of Kremlin power was a chief topic at the meeting last week of Mr. Karaganov's defense and foreign policy council. A report prepared by a panel he headed warned that Russia was falling apart — a familiar theme, but the report struck an urgent tone, calling on the ailing Mr. Yeltsin to step down to make way for Mr. Primakov as successor.

"The president demonstrates such an obvious inability to control things that it raises doubt about the expediency of the institution of the presidency in its present form," the report said. "Mere bursts of activity do not count."

But the council was divided on whether Mr. Yeltsin should quit. Some questioned whether his premature resignation would help or hurt, and Mr. Primakov has pointedly insisted that Mr. Yeltsin must complete his term.

Within the council, few disagreed with the report's diagnosis that Russian power was rotting from within.

"Actually, the process of slow disintegration is already under way," the report said, adding that such decay might not wreck Russia as a sovereign state — just corrode central authority.

NIGERIA: *Tepid Expectations*

Continued from Page 1

followed proved corrupt and economically ruinous, and troops seized power back four years later.

The same civilian politicians form the core of those being elected to office now and they will inherit deepening crises. The country's sole source of real money, its receipts for selling crude oil, are down by half this year because of the global petroleum glut and the tribal and economic revolt by young villagers in the oil-producing Niger Delta.

Nigeria's military ruler, General Abdulsalami Abubakar, started this transition weeks after the death in June of his predecessor, General Sani Abacha, a man whom Nigerians overwhelmingly describe as their most disastrous ruler since independence in 1960. General Abubakar ordered a season of elections for a government to which the military is to surrender power on May 29, and has campaigned vigorously at military bases around the country, insisting that there must be no attempt from within the ranks to fix or abort the civilian takeover.

The transition has been chaotic, sometimes bizarrely so. For one, there is still no constitution to frame the government being elected. General Abubakar has a committee still amending a 1979 constitution that he is to install by decree. Only this week, the government confirmed to voters that the president they are to choose Saturday will govern for four years, with the right to a single additional term.

The leading political parties are ideologically indistinct groups of politicians, including former officers, who "share an interest in seeking power or in protection from their past misdeeds," said Mr. Fayemi. "There is no attention to policy or programs."

Last week the People's Democratic Party, which is fortified by the political machines and millions of dollars of numerous retired generals, won a legislative majority. Overall, about a dozen retired generals won seats in the 109-member Senate. The party's presidential nominee, the former military ruler General Olusegun Obasanjo, is favored to defeat his opponent, an economist and former finance minister, Olu Falae.

Mr. Falae heads the All People's Party, which includes many politicians who played roles in General Abacha's regime. But he split his party by forming a coalition with the Alliance for Democracy.

Reuters

Mr. Tung commenting Friday on the territory's high court response.

COURT: *Hong Kong Bows to Authority of China's Lawmakers*

Continued from Page 1

Chinese officials said the decision, which superseded Chinese laws, was a mistake and "should be rectified."

Although the court did not alter its ruling, it reaffirmed that the National People's Congress, as China's supreme legislative body, had authority over Hong Kong. "The court accepts that it cannot question that authority," said the chief justice, Andrew Li, in a terse, five-paragraph statement.

The Hong Kong chief executive, Tung Chee-hwa, said Friday that the statement would "enable all parties concerned to come to a fuller understanding of the original judgment." He added that the court's clarification demonstrated that "our system of rule of law is complete and intact."

Mr. Tung did not say whether he thought the statement would satisfy Beijing. The Chinese government did not issue a reaction. A senior Hong Kong official said, "The views of Beijing are for Beijing to express."

If China overturned the decision, lawyers here said it would ignite a dangerous constitutional crisis. Under the agreement between Britain and China — known as "one country, two systems" — Hong Kong is supposed to be a semi-autonomous region within China, with its own legal system.

The Court of Final Appeal tested that proposition by asserting that Beijing cannot pass rules that contradict Hong Kong's constitution, the Basic Law. The Basic Law had guaranteed residency to mainland children of Hong Kong parents. But after the handover, the Beijing-appointed legislature passed new laws making it much tougher for mainland Chinese to move to Hong Kong.

In its decision, the court struck down those rules — throwing the doors open to tens of thousands of mainland Chinese. Even as legal scholars from Hong Kong and China debate the fine points of the ruling, hundreds of mainland residents have poured into the region to assert their right to live here.

Several Hong Kong legal experts said the court's ruling needed no clarification. And some said the statement Friday was little more than an oath of allegiance to Hong Kong's new sovereign, dragged out of the court by a government anxious to resolve this dispute before Beijing forced its hand.

"The whole process was damaging to the dignity of the court," said Margaret Ng, a barrister and member of the legislature.

Yash Ghai, an expert in constitutional law at the University of Hong Kong, said he was comforted that the court did not retreat from its ruling. But he said the government had put the court in an awkward position, since judges almost never clarify rulings unless it is in the context of a subsequent case. "It doesn't seem that the government has any understanding or appreciation of the rule of law," Mr. Ghai said. "They seem more willing to deal with China in a political manner and by making concessions."

But some political analysts said the Hong Kong government had made a cold calculation: If Beijing were to change the ruling itself, it would send a worse signal than if the matter were thrashed out at home. If Hong Kong did not act, Beijing could also rewrite the Basic Law to narrow the authority of its courts.

"I can think of a half-dozen worse ways this could have been handled," said a Western diplomat, who spoke on condition that he not be identified. "This may be the least bad solution, depending on what the Chinese do."

Indeed, although the dispute has unnerved a few business executives here, it has not prompted a full-blown crisis of confidence. The stock market's benchmark index rose 2.08 percent Friday as investors largely ignored the legal drama.

"If this did evolve into a constitutional crisis, with all the attendant bad publicity, it would have a negative effect on the business community," said Richard Margolis, a senior regional analyst at Merrill Lynch & Co. here. "My feeling is that the chances of it developing in that way are not that high."

CLINTON: *Global Role for U.S.*

Continued from Page 1

declining just as it is needed to create jobs for a growing and increasingly more mobile population," he said. "We can see in China the kinds of problems a society faces when it is moving away from the rule of fear but is not yet rooted in the rule of law."

Continuing to defend his engagement, Mr. Clinton said: "Sooner or later China will have to come to understand that society and the world we're living in simply cannot purchase stability at the expense of freedom."

"On the other hand," he said, "we have to ask ourselves: What is the best thing to do to try to maximize the chance that China will take the right course?"

Addressing the world economy, Mr. Clinton said a way must be found to dampen what he called "boom and bust" cycles in international capital markets.

"We have got to find a way to facilitate the movement of money, without which trade and investment cannot occur in a way that avoids these dramatic cycles of boom and then bust which have led to the collapse of economic activity in so many countries around the world," Mr. Clinton said, adding that the world's financial rules needed to be overhauled to stop big capital swings.

"When the tides of capital first flood emerging markets and then abruptly recede, when millions who have worked their way into the middle class are plunged suddenly into poverty, the need for reform of the international financial system is clear," he said.

(AP, AFP, Reuters)

■ **Mexico Gets Drug Certification**

Christopher Wren of The New York Times reported from Washington:

Mr. Clinton on Friday certified Mexico and Colombia as fully cooperative allies in fighting illegal drugs, even though the bulk of hard drugs flooding the United States comes from both countries.

"Mexico is cooperating with us in the battle for our lives," Mr. Clinton said.

The latest round of certifications shows how extensively Washington's paramount interests, from regional stability to trade, have come to influence its annual assessment of the drug threat posed by other countries.

IRAN: *First Local Elections Since 1979 Raise Hopes for Change*

Continued from Page 1

taken in for police questioning.

Nevertheless, the elections are a potential watershed in the two-year-old presidency of Mr. Khatami, a cleric who is trying to moderate the Islamic revolution with ideas of civil society and better relations with the West. His supporters say they expect to win majorities on councils throughout the country.

But even if conservatives triumph, those involved in the contest say the energy of street-level politics, and the sense among Iranians that the election is providing them with a genuine voice in local government, can only speed the process of liberalization. "We are closer and closer to real democracy," said Ebrahim Yazdi, head of the Freedom Movement of Iran.

Mr. Yazdi's party shows the evolution under way: Considered on the fringes of legality because of its liberal views, the Freedom Movement has been allowed to field four candidates for the 15 municipal council seats in Tehran.

"This election is a giant step toward institutional development in Iran," he said. "It does not even matter if the rightists win."

A University of Tehran professor, Nasser Hadian-Jazy, said: "People feel they have been able to exercise some authority."

At stake in the voting are approximately 200,000 seats on city and village boards that are supposed to appoint city and village mayors and oversee local budgets and spending. Although they are called for in the Iranian Constitution, the boards have never been established.

As part of his effort to build civil society in Iran, Mr. Khatami decided to begin the boards and order elections — giving people a further taste of self-governance and betting that candidates sympathetic to his policies would win many of the seats, observers said.

The buzz created by the ensuing campaign is palpable, the mood in cities like Tehran and Esfahan reminiscent of big-city elections in the United States.

Although television and radio advertising has not been allowed, there have been candidates' forums, public rallies and extensive newspaper coverage. And there have been fliers — hundreds of thousands of them — plastered on buildings and cars, hung from highway overpasses and tied onto tree limbs like early spring blossoms.

In the big cities at least, the contest may have generated too much enthusiasm, creating a fog of names that voters may find hard to penetrate. In Tehran, for example, there are 1,400 candidates for the 15 seats. Nationwide, about 300,000 people, including several women, are competing for the 200,000 available spots. Men and women over age 16 are eligible to vote.

"People can choose council members for themselves very openly," said Hossain Payghambary, a merchant at Esfahan's central bazaar, "and they are going to take part of the responsibility of government and use it."

Whether the spirit of this campaign lasts is another question. Since his own landslide victory, Mr. Khatami has struggled against conservative rivals who have jailed his political allies, shut sympathetic newspapers and resorted to killing writers and intellectuals.

Even during this campaign, there have been attempts to disqualify candidates seen as too eager to push the reform agenda or inadequately supportive of the country's theocratic foundations.

But that is not dampening popular enthusiasm for a contest in which Mr. Khatami and Ayatollah Khamenei have encouraged people to participate.

After the election of Mr. Khatami, people believed it was possible to change the society through politics, said Majid Karshenas, a sociology professor at Esfahan University. "They feel they can vote for someone and get a true result."

Radio Deejay Fired For Racist Remark

Washington Post Service

WASHINGTON — Doug Tracht, a Virginia radio personality known as the "Greaseman," was fired after a day of widespread protests over a racist remark he made during his show about a murder in Jasper, Texas.

Shortly after 7 A.M. during the Wednesday show on Classic Rock 94.7, WARW-FM, Mr. Tracht, 48, played a portion of a song by the Grammy-winning black hip-hop artist Lauryn Hill.

Then he commented: "No wonder people drag them behind trucks." He was referring to the murder of James Byrd Jr., who was dragged to his death by white supremacists. Mr. Tracht later apologized.

Jose Quintero, 74, O'Neill Director, Dies

New York Times Service

NEW YORK — Jose Quintero, 74, the director whose reverent stagings of Eugene O'Neill's "The Iceman Cometh" and "Long Day's Journey Into Night" in 1956 led to a worldwide revival of interest in the Nobel Prize-winning playwright, died here Friday.

The cause of death was cancer, a friend said. He was a resident of Sarasota, Florida.

As a co-founder of Circle in the Square Theater, Mr. Quintero was also a major contributor to the renaissance in Off Broadway theater that began soon after World War II and continued into the 1960s. It was Circle in the Square's 1952 production of Tennessee Williams's "Summer and Smoke," directed by Mr. Quintero and starring a relatively unknown actress named Geraldine Page, that changed Off Broadway from a small but interesting Greenwich Village phenomenon to a theatrical movement of national importance.

Although Mr. Quintero captured the essence of other playwrights' work, he had a special bond for O'Neill. Between 1956 and 1996, he directed 19 productions of O'Neill plays. Mr. Quintero often said he believed that O'Neill single-handedly elevated the American theater from frivolity to seriousness. He said that he looked on O'Neill as his symbolic father.

O'Neill, the winner of four Pulitzer Prizes and the only American dramatist to receive a Nobel Prize, was recognized as the country's finest playwright. But by his death in 1953 his popularity had diminished. Some critics said that the body of his work, most of it written between 1920 and 1943, had become outdated.

Mr. Quintero shattered this view with his Off Broadway revival of "The Iceman Cometh" with Jason Robards in May 1956, and followed that six months later on Broadway with the American premiere of "Long Day's Journey Into Night," which starred Mr. Robards, Florence Eldridge and Fredric March.

Both plays stunned critics and audiences. In The New York Times, Brooks Atkinson called the 4-hour, 45-minute "Iceman," staged at Circle in the Square, "a major production of a major theater work."

"O'Neill is a giant," Mr. Atkinson wrote, "and Mr. Quintero is a remarkably gifted artist."

Mr. Atkinson also raved about Mr. Quintero's production of "Long Day's Journey," calling it "inspired." He wrote that "it restores the drama to literature and the theater to art."

"Iceman" and "Summer and Smoke" were but two of the many plays Mr. Quintero staged at Circle in the Square in Greenwich Village, which he founded in 1951 with Theodore Mann, Emilie Stevens, Jason Winegreen and others. Among his other well-received productions were Truman Capote's "Grass Harp," Jean Genet's "Balcony" and a revival of the bleak 1930's comedy "Children of Darkness," which featured Colleen Dewhurst and George C. Scott.

Critics also applauded his direction of O'Neill's "Strange Interlude" for the Actors Studio Theater in 1963; "A Moon for the Misbegotten," a major triumph of the 1973 Broadway season for which he won a Tony award as best director; productions in 1977 of "Anna Christie" and "A Touch of the Poet," and, in 1988, the centennial of O'Neill's birth, a Broadway revival of "Long Day's Journey" starring Mr. Robards and Miss Dewhurst.

No EU Breakthrough on Budget

By Barry James and John Schmid
International Herald Tribune

BONN — European Union leaders Friday failed to make any breakthroughs on the future financing of the community but appeared to have opened up possible avenues for a compromise at another summit in Berlin next month, several of the leaders said.

Both Chancellor Gerhard Schroeder, who hosted the one-day meeting, and President Jacques Chirac of France played down reports of a monumental row between their countries over how to bring the EU budget and agricultural programs under control. "There are still deep differences of opinion, but I consider these differences to be surmountable," Mr. Schroeder said.

Mr. Chirac said: "There is not a Franco-German problem. We each defend our interests, certainly."

Other leaders said the mood at the talks had not been as apocalyptic as some reports had suggested. Still, no one minimized the scale of the problems facing the EU, which is seeking to reform its budget looking to the period between 2001 and 2006.

Only by bringing tough measures to control spending, including the runaway cost of farm subsidies, can the EU hope to create the conditions to accept new members from Eastern and Central Europe. But this entailed what Prime Minister Lionel Jospin of France called a global solution, in which all countries shared sacrifices.

And that was not proving easy. Prime Minister Tony Blair of Britain, for example, said he was not prepared to abandon the multi-billion euro rebate that his predecessor, Margaret Thatcher, won 15 years ago. He said it was a matter of justice, not obstinacy, on Britain's part.

Mr. Chirac said most participants at the summit meeting felt that Britain must agree to re-examine the rebate — a demand that Mr. Blair would find difficult to sell politically at home. But the French president said he had no doubt that Mr. Blair would agree to such a reexamination.

Prime Minister Jose Maria Aznar of Spain said Europe had changed much since Mrs. Thatcher had won the rebate with a cry of "I want my money back."

But at the same time, Mr. Chirac and Mr. Jospin said France would make no concession on its demand that agricultural price support must continue to be funded by the EU rather than partly by governments, as Germany has suggested. For the French, the biggest beneficiaries of subsidies, the question concerns not only money but also the very character of the EU and its acquired laws and benefits.

Mr. Schroeder said Mr. Chirac had made it clear that as far as France was concerned, it would not even discuss the matter.

Nevertheless, the leaders did decide what they described as a strong message to agriculture ministers to get back to the negotiating table in Brussels next week, following their failure to reach any agreement this week.

Mr. Schroeder said he had serious concerns that failure to reach agreement on the EU reforms in March in Berlin could lead to complications concerning the European single currency, the euro.

But other leaders said they did share that concern.

In European affairs, Mr. Schroeder is under heavy pressure to show results at the Berlin summit meeting after a series of political setbacks at home — otherwise, he risks getting a black eye in the European Parliament elections in June. The election already has shaped up in Bonn as a referendum on Mr. Schroeder's handling of EU issues.

Brushing aside reports of French touchiness over Germany's pressure for action, Mr. Chirac praised the "agreeable and efficient" way that the summit had been arranged. If differences persisted, he added, they had helped the countries better understand those differences.

He insisted that France was as interested as anyone in bringing the budget and agricultural spending under control.

EU's Tower of Babel

Translators in Brussels Are Confronted By 11 Languages – With More to Come

By Marlise Simons
New York Times Service

BRUSSELS — Europe is a continent that loves languages.

From Lisbon to Helsinki, Europeans routinely learn, borrow, mistreat and even covet their neighbors' tongues.

From an early age, schoolchildren toil over difficult foreign verbs. Bookstores and newsstands keep multilingual stocks, and advertisers and television broadcasters think nothing of mixing, say, German, English and French.

But all this shrinks into insignificance compared with the polyglot goings-on at the headquarters of the European Union in Brussels.

Europe is busily uniting on many fronts; it is merging currencies and taxes and adopting common rules governing everything from air pollution to the bacteria in cheese.

But there is no such coming together on the linguistic front. The 15-country Union operates with 11 official languages — and each country wants its own to prevail and is adamant about protecting it.

Efforts to streamline communication and to drop a few languages have got backs up all over the Continent.

"The rule is that all the languages of the union are equal," said Noel Muylle, director of interpretation at the union headquarters. "So the right that all member countries may use their mother tongue is very, very deeply entrenched."

As a result, the European Union — which would fit into the United States with room to spare — maintains the largest translation staff in the world. The European Commission, the executive body, employs more than 1,900 full-time translators and interpreters, not to mention freelancers.

Including logistics and support staff, the commission's language service employs 3,890 people, or 11 percent of its personnel. Last year they generated 1.2 million pages of translations.

It is a gargantuan enterprise, by any standard. The United Nations, with its 185 members, has just five official languages. At its New York headquarters it employs about 420 translators and interpreters, fewer than one-fourth the number in Brussels.

And the European repertory is expected to grow. With talks under way on plans for 10 Central and East European countries to join the union, even ardent linguists agree that a Tower of Babel looms.

"We're facing five new languages in the next few years," Colette Flesch, the director of translation services at the commission, said glumly, citing Czech, Hungarian, Polish, Estonian and Slovenian. "And there are another five further down the line. I don't know of any other international institution that has to keep adding languages."

For each addition, she said, the union needs to hire at least 100 new translators and interpreters.

No wonder then that every so often someone tries to shrink this enormous linguistic bureaucracy. Not long ago, France and Austria proposed that for most purposes the organization's languages should be limited to five: French, German, English, Italian and Spanish. In other words, forget Danish, Dutch, Finnish, Greek, Portuguese and Swedish.

This touched many a nerve of national pride. In the outcry that followed, led by the deeply stung Danes, Dutch and Greeks, the idea was shelved.

"Of course, it's an asset having all those languages, but it can also complicate things," Mr. Muylle said cautiously. He and others believe that it will be hard to change the rules, which date back to 1958, when the incipient union had only six countries and four languages.

In practice, though, not every word or bit of paper is translated elevenfold. In committee work, officials often waive the right to use their native tongue, agreeing instead to a few working languages — usually English, French and German. That raises some other touchy points.

French, long dominant at the commission, has been rapidly losing ground to English, which, the French note acidly, is not even a language of continental Europe.

Meanwhile, almost everyone has fallen victim to Eurospeak.

"Eurospeak is a separate in-house language, full of jargon, acronyms, abstractions — and a lot of it is gobbledygook," said David Markcom, a British translator.

He offered some samples: words like subsidiarity, comitology, habilitation. Or sentences like: A reduction should be effected in salaries. Or: The fish were observed to exhibit a 100 percent mortality response.

Mr. Markcom and others have begun a drive called "Fight the Fog" to prod officials into producing clear sentences. "Of course we realize that in this political arena, often the aim is precisely not to be clear," he said.

Resistant Bacteria Found in Feed

Reuters

LONDON — American researchers have found bacteria in chicken feed that are resistant to the most powerful antibiotics and could pose a health threat to humans.

In a letter to The Lancet medical journal on Friday, Dr. Glen Morris of the University of Maryland in Baltimore said the discovery of vancomycin-resistant enterococci (VRE) in animal feed raised fears that they could be passed on to humans.

"The identification of a highly resistant enterococcal strain in feed raises disturbing questions about the potential for penetration of VRE strains into farms and food animal populations in the USA and subsequent risk of transfer into human populations," he said in the letter.

Animal feed is not expected to be sterile, but researchers believe Dr. Morris's is the first report of VRE from commercially prepared chicken feed in the United States.

Vancomycin is the last line of resistance to so-called superbugs that have built up a resistance to most conventional drugs. Enterococci, which causes intestinal problems, are a common source of infection in hospitals and are usually treated with antibiotics.

Scientists blame the increase in superbugs on the overuse of antibiotics in people and animals. Medical experts think animals are the source of superbugs that are passed on to humans.

The researchers did not say which company made the chicken feed or how it became contaminated, but they said drug-resistant enterococci were widespread in at least one lot of feed.

Ethiopians Breach Eritrean Defenses

Reuters

ASMARA — Eritrea said Friday that Ethiopian troops had broken through its defense lines at a point on the Badme front on their disputed border.

Yermane Gebremeskel, the government spokesman, said that "through sheer weight of numbers," the Ethiopians "have managed to break through one of our defensive positions."

Fighting began on Tuesday with an Ethiopian offensive aimed at recapturing land occupied by Eritrean forces last May. On Thursday, both sides claimed to have the upper hand and to have inflicted heavy casualties.

But Mr. Yermane said Ethiopia's "numerical superiority" finally allowed its troops to break through at one place along the 60-kilometer (40-mile) Badme front.

"The Ethiopians have emptied the other fronts to bring troops to this front," he said. "They have launched human wave attacks."

Neither side has released details of casualties.

After an eight-month lull, the border war reignited at Badme on Feb. 6 and spread to fronts at Tsorona, south of the Eritrean capital Asmara, and Burre, southwest of the Red Sea port of Assab.

Apart from some skirmishes at Tsorona on Tuesday, the other fronts have been largely quiet this week.

Eritrea gained independence from Ethiopia in May 1993 after a referendum. Relations began to sour over a currency dispute in 1997, highlighting a long-running disagreement over the border, which boiled over into violence last May.

Tim Brakemeier/Agence France-Presse
Farmers dressed as a bull, a pig and a cow protesting in Bonn on Friday against proposed EU budget reform.

BRIEFLY

In Error, Britain Reveals Names Of Informants in Racist Murder

LONDON — The Labour government was accused of a catalogue of errors Friday after inadvertently publishing the names of informants who tipped off British police about those responsible for a racist murder.

The names were in an appendix to a long report released Wednesday on how police bungled their investigation of the 1993 stabbing of a black London teenager, Stephen Lawrence.

The case has caused a massive round of national soul-searching over the treatment of minorities, and the government has pledged to make it a watershed in Britain's race relations.

The informants, some of them close neighbors of the prime suspects, were promised immediate police protection but they complained that their lives were now at risk.

The Conservative spokesman John Greenway told Parliament, "This has been an appalling week for the Home Office." *(Reuters)*

Bonn Says No to Portugal Beef

BONN — The German Parliament's upper house voted Friday to ban the import of Portuguese beef until Aug. 1.

The move was a formality, following the decision by the European Union's executive agency in November to ban exports of beef and cattle from Portugal.

The decision was made after a sharp increase in the number of cases last year of "mad cow" disease — or bovine spongiform encephalopathy — in cattle grown in Portugal. The disease in beef has been linked to a fatal brain ailment in humans. *(AP)*

Czech Plan: Legal Prostitution

PRAGUE — Czech police officials intend to propose legislation turning prostitution into a controlled business to increase tax revenues and minimize health risks, the Mlada Fronta Dnes daily reported Friday.

There are currently some 20,000 prostitutes in the Czech Republic, mostly active in Prague and near border crossings with Germany and Austria. They are often linked to organized crime, and authorities lack legislation allowing control of the murky trade.

Officials said a draft law would be submitted next week. The measure assumes obligatory registration, taxation and health checks for all male and female prostitutes as well as an minimum age limit of 18 years. *(AP)*

Scientology Raided in Moscow

MOSCOW — Police seized boxes of documents from the Scientology movement and questioned the group's leaders Friday, the latest in a series of government actions against religious groups in Russia.

Tax police and other security services spent 16 hours confiscating materials at the group's Moscow center on Thursday and returned Friday morning to question the Scientologists, a controversial international spiritual organization.

Officers said they were investigating possible tax evasion and other financial irregularities, but the Scientologists said the move was politically motivated. A 1997 law placed widespread restrictions on "nontraditional" faiths.

The Scientology center in Moscow is called the Humanitarian Hubbard Center, named after the founder of Scientology, L. Ron Hubbard. It holds regular classes for both youths and adults. *(AP)*

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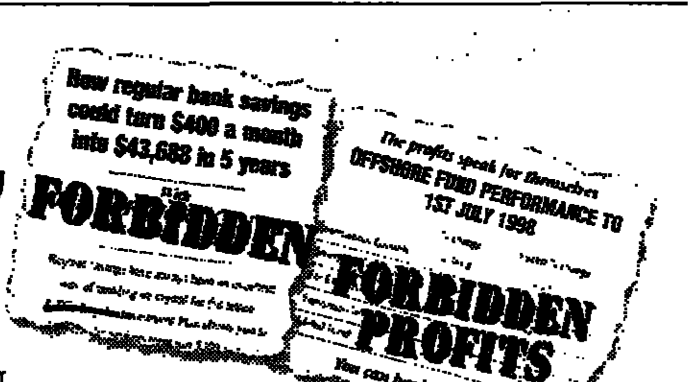

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BOOKS

WEREWOLVES IN THEIR YOUTH
Stories

By Michael Chabon. 212 pages. $22.95. Random House.

Reviewed by Michiko Kakutani

THERE are no happy families in "Werewolves in Their Youth" — just different varieties of marital distress, filial rage, paternal disappointment.

In his earlier work ("The Mysteries of Pittsburgh," "A Model World"), the talented Michael Chabon has tended to focus on boys trying to come to terms with their fathers, children trying to make sense of their parents' fractured lives. Though there are stories in this disappointing volume that do just that — both the title story and "The Harris Fetko Story" concern sons, sorting through the emotional wreckage of their fathers' mistakes — most of these tales are about marriages in disarray.

"House Hunting" concerns an angry young couple looking for a new home for their deteriorating marriage. "Son of the Wolfman" depicts another disaffected couple, whose marriage unravels when the wife is raped and decides to give birth to the rapist's baby. And "That Was Me" portrays a husband and wife trying in vain to pick up strangers in a local bar.

Most of Chabon's characters cherish the idea of control. The quarterback renowned for his "serene, arctic blankness"; the little boy trying to remake reality with his fantasy games — all would like to find some way to ward off chaos and disaster, but find themselves submitting to the gathering disorder in their lives.

In "Green's Book," a family therapist known for his kindness and reliability not only sees his own marriage come to an end but also finds himself reliving a long-ago night when he molested a young girl.

As usual, Chabon writes with enormous fluency in these pages, captivating the reader with his descriptive and metaphoric powers. He's able to give us vivid snapshots in a phrase or two, showing us a man's "brushed-aluminum hair" or making us hear the "Eeyore voice" of an annoying boy's annoying mother.

When Chabon turns to emotional matters, his prose tends to grow labored and self-conscious. He describes marriage, for instance, as "a container for the madness between men and women," "a fragile hedge against it, as religion was to death, and the laws of physics to the immense quantity of utter emptiness of which the universe was made."

The reader cannot help wondering why Chabon is trying so hard.

Indeed, these stories recall many of the weaker aspects of his first book, "The Mysteries of Pittsburgh" (1988), a charming but mannered novel that was eclipsed by the lucid and wonderfully nuanced Nathan Shapiro stories in "A Model World" (1991) — stories that demonstrated Chabon's ability to write about love and loss with precision and wisdom, and without the sort of contrivance that mars this latest collection.

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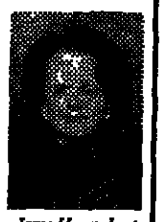

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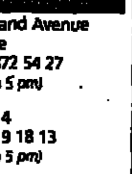

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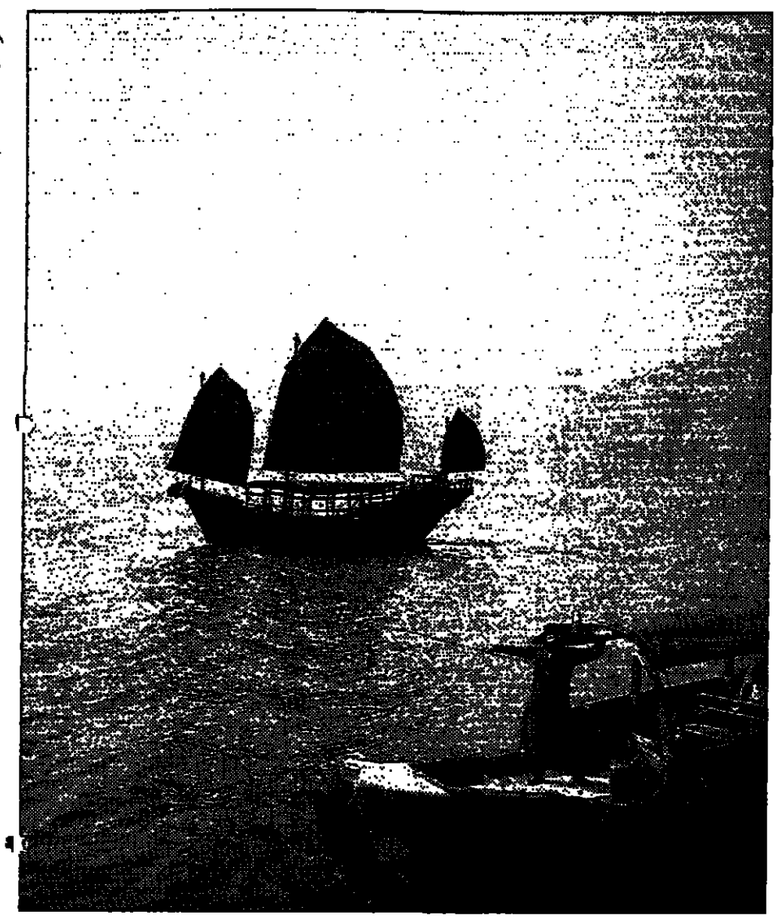

Frederic Brenner's photograph of a rabbi in Hong Kong harbor.

Chronicler of Diaspora

His Mission to Photograph Jews Leads to Hong Kong

By Philip Segal
International Herald Tribune

HONG KONG — For the 18,000 Jews of Hong Kong, the recent arrival of Frederic Brenner may signal that moving day is approaching. In the midst of a 20-year campaign to photograph the entire Jewish diaspora, Brenner's work of 30,000 images so far is, as much as anything, a chronicle of now vanished communities.

The French photographer has seen and recorded the Jews of Azerbaijan and Ethiopia, communities in Yemen and Tunisia, and the secretive Marranos of rural Portugal, who to escape the Inquisition masqueraded as Catholics for 500 years, while keeping their traditions alive in their own attics. "Eighty percent of the communities I've photographed have disappeared," said Brenner, 40.

Brenner was in Hong Kong to photograph about a third of one of the most international of Jewish populations. On Sunday, in the most ambitious group portrait that Brenner has ever attempted, most of the group will be squeezed into a single photograph of about 600 people. Arranging it was more than a matter of logistics, though, because like the Jews in Israel, the Jewish communities in Hong Kong are riddled with factions within factions.

Even more controversial than sitting everyone down at the same table to plan the project was Brenner's idea to dress everyone in the photograph in identical red Chinese-style jackets. This dig at the materialism of what Brenner calls a "a city of smoke and mirrors" is typical of the photographer, whose work can strike some as precious or unduly artificial. But while he is no taker of candid shots, the single-mindedness of his life's work means that he can offer eloquent justification of his vision.

"People are in Hong Kong for the same reason," the unusually dogged pursuit of wealth, he argues. While expatriates in Hong Kong seek to distinguish themselves by the possessions they accumulate, "they are not really as different as they'd like to think." Hence the uniform: If they are not the jackets of the capitalist's enemy, Chairman Mao, then they are at least reminiscent of them.

The disguises are also an acknowledgment of the Jewish holiday of Purim, which this year falls on Monday, the day after the group photo will be taken. The festival commemorates Queen Esther, who disguised her cultural identity before an evil king bent on destroying the Jews, but then revealed her true self at the last moment to save her people. The annual wearing of disguises on Purim, in the words of Rabbi Nachum Braverman of Los Angeles, "ridicules pomposity and false values."

Also, "Purim celebrates exile," Brenner said. "In exile, we reveal and are revealed." The intended revelation of his work is that the journey toward unity is not over when the Jews whom he photographed end up in Israel. In his latest book, "Exile at Home," he follows and photographs Jews all over the world, and recaptures them once they are settled — in some cases miserably — in a new country that has stripped them of their particular traditions.

Brenner recounts the weeping women of Ethiopia, denied at relocation centers in Israel their ancient, pre-Talmudic custom of sequestering themselves in special huts during their menstrual periods. This custom, which Brenner identifies as the "very center" of their identity as Jews, was swept away in a country founded by people he describes as "White Ashkenazi Bolsheviks," referring to European Jews. As Israel's European-dominated Orthodox Jews face off against the secular over the question of who gets to determine Jewish identity, Brenner's message is that plenty of others in Israel have been left out of the debate altogether.

The product of a "totally secular, assimilated" upbringing by French parents, Brenner began to pursue his Jewish roots — half European and half Algerian — following the Six-Day War in 1967. After a degree in anthropology, he left for Israel in 1978, and went first to the ultra-orthodox neighborhood of Mea Sharim in Jerusalem.

HIS pictures of the place, in his first book, "Instants of Eternity," could be of an impoverished village in Lithuania 100 years ago. Black-clad, long-bearded men with fur hats make their way through the slush of a winter afternoon, or sit huddled together, arguing over a point in the Talmud, resembling figures in a portrait from 16th-century Prague.

Brenner realized that for many in Israel and around the world, this European ghetto Jew was mistakenly becoming one of the main images of who his people really were. Instead, his truth is that "there is not one way of being a Jew, but as many ways as of being a man or woman among the nations."

Far less isolated and much more prosperous than the Jews of Ethiopia or Yemen, the community in Hong Kong is nevertheless already on the move. Membership in one of the more liberal congregations in Hong Kong is down 30 percent since the Asian financial crisis. A new Jewish school has been opened in Singapore, and Hong Kong's standing as China's financial hub is under eventual threat from a place where Jews used to live in great numbers: Shanghai.

For Brenner, the possibility that he is photographing another soon-to-vanish community would be no great shame. "The Jews are always on a journey — that's very post-modern. The nations, as we enter this global era, will experience what the Jews have been living for 4,000 years."

Ingres's Incisive Portrait of an Epoch

By Souren Melikian
International Herald Tribune

LONDON — It is an eerie experience. You walk into a show called "Portraits by Ingres: "Image of an Epoch" and you might be staring at people you met the other day in Paris — the literary wits, the high-ranking officials oozing with self-importance, the go-getters fawning on those who might be of use.

Some cultural historian should investigate one day what made the French as they are now appear some time around 1800. So did probably the English, the Germans or the Italians. But for them, there was no Jean-Auguste-Dominique Ingres, born in 1780, in time to capture the features of the new society that emerged.

Perhaps the boy from Montauban in southern France owed to his upbringing the quasi-photographic knack he developed in portraiture, matched by a penetrating yet curiously detached psychological insight. His father, Jean-Marie-Joseph Ingres, a painter-cum-sculptor-cum-interior decorator, taught his son how to draw from early childhood, making it as natural for him to sketch in red chalk as for others to play marbles.

The training that Dominique then underwent, first in the Toulouse academy and later in Paris under Jacques-Louis David, left the budding artist convinced that painting, to be great, had to deal with ancient or medieval history, Greek mythology or biblical subjects, but fortunately did not impair his skills at observing the society in which he lived.

The artist started with family and friends. In 1800, he portrayed a scientist he knew from Montauban, Pierre Francois Bernier. The 20-year-old scientist looks down with a squint, his pupils dilated as if tensely contemplating some dream — perhaps of the planned around-the-world scientific voyage, beset with troubles from day one, during which Bernier died of high fever off the coast of Timor.

When painting his father four years later, Ingres, held back by deference and affection, worked in a softer vein. And yet the portrait, far from being a pious family icon, has a compelling presence. It is impossible to ignore the warmth and the solidity of the man who seems to be there with the viewer.

That photographic manner gives an eerie edge to "Bonaparte as First Consul," standing with his back to the window. The posture is conventional but the shiny eyes, the firm and fleshy lips, betray the ruthless ambition that would soon after turn into crazed willpower.

One wonders what thoughts crossed the artist's mind in 1806 when he portrayed, so differently, the self-proclaimed emperor. Napoleon wears a crimson drape over an accoutrement that mixes elements borrowed from ancient Rome, the Middle Ages and the Renaissance. To the modern eye, the effect is one of Hollywoodian artifice. Obsessive attention to detail gives it a hyperrealist feel that fails to make up for the ridicule.

It is really when borne to bear upon private citizens that the intensity of Ingres's scrutiny gave his portraits a magnetic quality, even where pictorial weaknesses are apparent — linking head and body together appears to have been a problem for the artist, particularly while drawing.

In 1806, he portrayed a young woman conventionally known as "Madame Aymon" although her identity continues to elude us. Her costly jewels, the elegant arrangement of a drape over her bare shoulders, the impeccable makeup and, not least, her poise, might suggest an actress. The unsmiling determination in the eyes asymmetrically set apart, the open lips that bare her teeth almost in a snarl, together with the sharpness of her two lovelocks, are worth any psychological portrayal by Choderlos de Laclos in "Les Liaisons Dangereuses."

Intriguingly, Ingres's harshest likenesses triggered no animosity from the sitters. In 1810, while in French-occupied Rome, Ingres painted the portrait of Charles Marcotte, inspector-general of waterways and forests. The senior civil servant is shown three-quarters length, his head thrown back with a peevish frown.

Intelligence, self-assurance and a total lack of good grace emanate from the man. Marcotte loved it. He recommended Ingres to his relatives and to other French officials in Rome, among whom was Jacques Marquet, Baron de Montbreton de Norvins.

The youngest son from a wealthy family in southwestern Gascogne, the baron had had a checkered career. When Ingres met him, he was chief of police in the occupied Roman states and looked every inch the man for the job. The broad forehead, the thin lips tightly pressed, the searching glare, convey a coarse brutality that his neat outfit, white silk scarf and a gleaming black redingote with the red ribbon of the Legion of Honor in evidence on the lapel only serve to enhance.

Ingres surpassed himself when dealing with another colleague of Marcotte's, Amedee David, Comte de Pastoret. The young aristocrat came from a rabidly ambitious family. A promising bureaucrat in Napoleon's civil service, he promptly turned his coat when the Bourbons returned to France in 1815, in the wake of the foreign armies that occupied the land.

The Frick Collection, New York

The Vicomtesse d'Haussonville by Jean-Auguste-Dominique Ingres.

THE effeminate youth entertained a high opinion of his literary talents — he wrote poems and novels — and of his personal appearance. He is shown wearing a tight-fitting, high-collared jacket embroidered with flowers in black on black. Standing with his hand on his hip, he breathes self-satisfaction tempered by a touch of arrogant petulance, his greedy eyes alert and suspicious.

Not so alert, in this case, though — the result delighted him.

De Norvins kept pressing Ingres to deliver pictures that he offered to commission. He ended up owning seven of them.

The unflattering look that the painter so serenely gave his sitters culminated in his most famous image, the portrait of Louis-Francois Bertin, a journalist who had seen it all. Bertin was 23 when he hailed the French Revolution of 1789, only to denounce the incipient tyranny that led him to emigrate two years later.

He came back after Napoleon's 1799 coup d'état and, with a younger brother, bought the Journal des Debats. Within two years, Louis-Francois was arrested for his candid criticism of imperial policy and was exiled.

Sneaking back into France, Bertin managed to run his paper without falling afoul of the authorities for several years. Then Napoleon's police state hardened. In 1811, the paper shut down and was seized.

Ruin threatened the Bertins. But the minute the Bourbons were back, so were the Bertins. It was only with the advent of Louis-Philippe in 1830 that Louis-Francois could at last relax.

Ingres portrayed him two years later. He found it uncommonly difficult. The hugely overweight media mogul was as ungainly in his person as in his features, hardly improved by his double chin. At last, the portraitist thought he had the pose right. The tough, intelligent Bertin was unimpressed. Seated, one eyebrow quizzically raised, he is seen sizing up the artist — who returned the compliment in kind with an unforgiving portrait. But Bertin did not give a hoot about what others might think of him. This was a man who had once refused to host King Louis-Philippe in his country house. Ingres had finally found his match.

The story is superbly told in the exhibition book edited by Gary Tinterow and Philip Conisbee. No one should miss this technicolor version of Balzac's "The Human Comedy."

National Gallery, London, until April 25. National Gallery of Art, Washington, May 23 to Aug. 22. Metropolitan Museum of Art, New York, Oct. 5 to Jan. 2.

Interactive Shakespeare

By Michael O'Sullivan
Washington Post Service

WASHINGTON — He has been dead for nearly four centuries, but Shakespeare, it appears, is hot. As portrayed by Joseph Fiennes in the surprise hit film "Shakespeare in Love," the bard's just a love machine in the thrall of Gwyneth Paltrow.

With a feverish resurgence of interest in the writer under way, the Folger Shakespeare Library is not a minute too soon in opening the Shakespeare Gallery, an interactive, multimedia computer installation. Featuring a short videotape overview of the Folger and its educational mission, the room centers on two Macintosh computers. In music, text, dramatic readings and images, the Shakespeare Gallery is the Folger's high-tech attempt to provide "a somewhat bigger taste of what's in the collection," said Janet Alexander Griffin, director of education and public programs.

Rather than spoon-feeding them information, however, the program allows users to navigate tours at their own pace and according to their interests. Designed by Nina Tovish, the program is divided into three general sections, "Treasures," "Quotations" and "Life." Rather cleverly, the cyber-tour further arranges the material into seven subsections, each one devoted to one of the so-called "Seven Ages of Man" as described in a speech from Shakespeare's "As You Like It" and as illustrated by a reproduction of the large stained-glass window in the Folger's reading room.

"Treasures" highlights artifacts from the Folger's collection, some of which are too old and delicate to be examined directly. "Quotations" presents the words themselves, with an ample glossary and dramatic readings from the plays and poems. "Life" features movable maps, letters, deeds of property, snippets of music by the Folger Consort and other Shakespeareana related to the late 16th and early 17th centuries.

Among the gems: a letter from the poet John Donne abjectly apologizing for marrying Sir George More's 16-year-old daughter; a flirtatious note from Robert Dudley, Earl of Leicester, to Queen Elizabeth (the subplot of yet another recent movie), and three pages of the shooting script from the 1944 Laurence Olivier film "Henry V."

Although a few glossary entries are too lengthy to read in their entirety before they disappear from the screen, the application in general is user-friendly.

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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Reduce the Nuclear Risk

History will judge the Clinton administration's foreign policy record partly by its success in helping Russia reduce the nuclear remnants of the Cold War. Nothing would do more to protect American security in the decades ahead than ensuring that Russia's immense stockpile of nuclear weapons and materials is diminished and adequately controlled.

The modest amount of money needed to achieve these goals now could save Washington many billions of dollars in the future to deal with the Russian nuclear threat if it is not reduced.

Moscow still has 6,000 nuclear warheads poised for long-distance delivery. Weapons-grade plutonium from dismantled warheads is stored in poorly secured buildings, vulnerable to theft. Russia also has tens of thousands of underpaid weapons scientists and workers in 170 scientific institutes and 10 closed cities.

If President Bill Clinton hopes to leave an enduring mark in international affairs, he will work on these problems in the remaining 23 months of his term. Specifically, he should look for ways to further reduce nuclear arms and speed the conversion of Russia's nuclear establishment to civilian activities.

The last nuclear arms reduction treaty, negotiated more than six years ago, has yet to be ratified by the Russian Parliament. That treaty alone would cut nuclear weapons totals nearly in half. Prime Minister Yevgeni Primakov recognizes the treaty's value for Russia, both in foreign policy and budget savings terms. Mr. Clinton should work closely with President Boris Yeltsin and Primakov to achieve ratification.

But hopes for deep nuclear cuts need not depend on the Communist-dominated parliament. In coordination with Russia's leaders, Mr. Clinton should initiate steps that go beyond the treaty, including parallel nuclear reductions and taking more weapons off hair-trigger alert. Such methods proved effective when tried by George Bush and Mikhail Gorbachev a decade ago.

Shrinking Russia's nuclear infrastructure also requires expanding the cooperative programs developed under legislation originally sponsored by Senator Sam Nunn of Georgia and Senator Richard Lugar of Indiana. These efforts already have supported the dismantling of some 5,000 Russian warheads. Additional work is needed now to safely convert as much as possible of the plutonium and enriched uranium from these bombs into less dangerous forms and to store what remains under much more secure conditions. The Clinton administration rightly seeks large spending increases in these programs in next year's budget. It is essential that Congress approve these requests.

Washington should also press ahead with its efforts to re-employ Russian weapons scientists in civilian work. Two programs managed by the U.S. Energy Department are designed to achieve that goal.

One, begun in 1994, is aimed at Russia's scientific institutes. A newer program deals with the closed cities. The scientific institutes program has succeeded in re-employing thousands of Russian scientists at home and keeping them out of the reach of terrorists or countries eager to make nuclear, biological or chemical weapons.

But a report prepared for Congress this week by the General Accounting Office called attention to some problems, including taxation by Russia of some of the aid money and allegations that some assistance went to institutes and scientists still engaged in weapons work. However cash-starved the Russian government is, taxation of American aid money is unacceptable. Nor should American subsidies support Russian weapons development.

The General Accounting Office report calls for slowing down the closed-cities program until the problems in the institutes program have been resolved. That would be a mistake. The closed-cities agreement is more carefully drawn than its predecessor and already provides for exemption from Russian taxation.

Tightened project review procedures are in place to make sure that Washington is not inadvertently subsidizing new Russian weapons development. These programs, along with Washington's contributions to Russia's plutonium and uranium conversion and security programs, should go forward as part of a coordinated drive to substantially eliminate Russia's Cold War nuclear infrastructure before the Clinton administration leaves office.

—THE NEW YORK TIMES.

Greece Needs to Explain

Turkey has its hands full dealing with the captured Kurdish leader Abdullah Ocalan. Then there is Greece. It has its own grave obligation to explain its role not only in having him in its charge and care in his final weeks of freedom but also in allegedly supporting his terrorist activities in earlier years in neighbor and fellow NATO ally Turkey. At stake, beyond the interests of Turks, Greeks and Kurds, is the whole notion of international cooperation against terrorism.

The facts about the past few weeks are not all in. What Greece must spell out, however, is the extent to which responsible political and police officials, whether by design or default, protected the fleeing Mr. Ocalan. From Greek press reports, it appears that the political retribution taken in Athens — four officials were fired — came about not for having provided sanctuary but for allowing an internationally certified terrorist to move from Greek hands to Turkish hands in Kenya. The Greeks are shocked by Turkey's depredations, real and imagined. They need to be forthcoming about their own.

As to the earlier years. Mr. Ocalan is reported in the Turkish press to have told his captors that his party received training and arms from Greece. The confession is suspect, having been made by a prisoner being held in questionable circumstances without the full known protections of due process. But the issue of the recruitment, training, provision and sanctuary of the Kurdish guerrillas, who engaged formidable Turkish military and police forces for 14 years, is part of the truth that must now be told, embarrassing as it may be.

The early accounts of Mr. Ocalan in captivity have turned up the heat under Greek-Turkish relations. And for reason. The Turks are angry but not out of line in demanding that Athens answer to the European Union for any violation of Greece's counterterrorist obligations. It would be good to know that the citizens of Greece were making a similar demand on their own government.

—THE WASHINGTON POST.

Other Comment

A Deal Worth Taking

It is understandable that Clinton administration officials seek to portray the outcome of the [Kosovo talks in Rambouillet, France] as postponed success rather than a diplomatic failure.

It may not have been a success, but to be fair, it was not a failure, either. American diplomatic persistence did persuade Slobodan Milosevic to accept genuine autonomy for the Serbian province of Kosovo, although the delay allows Mr. Milosevic to portray himself as having once again outmaneuvered the West.

The political part of the accord that Mr. Milosevic accepted grants the Albanian Kosovars their own parliament, their own government, their own judiciary, and their own police force. These concessions do not add up to the independence for which commanders of the Kosovo Liberation Army had been fighting, but they do answer the needs of the Albanian population and set Kosovo on the road to independence at some indeterminate time in the future.

If these elements of autonomy are implemented and a NATO peacekeeping force is able to prevent a renewal of warfare not only will Albanian villages be protected, but the Albanian majority will gain the opportunity to form the political and administrative institutions of a self-governing people.

If they are wise, the inexperienced young commanders of the Kosovo Liberation Army will take the deal. If Mr. Milosevic is wise, he will drop his opposition to allowing NATO peacekeepers to oversee the disarming of the rebels. As President Bill Clinton has shrewdly observed, this bargain allows Kosovo to remain a part of Serbia by taking Serbia out of Kosovo.

—The Boston Globe

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Admit the Reversal and Renew Pressure on Milosevic

By Jim Hoagland

WASHINGTON — In its final shambolic hours, the Rambouillet peace conference on Kosovo degenerated into a play lacking both a director and its main villain. The United States bears partial responsibility for this disappointing outcome and must now clarify its objectives in a conflict that is moving toward greater bloodshed and broader political significance.

The Serbian government of Slobodan Milosevic and the ethnic-Albanian guerrilla forces of Kosovo Province walked away from the conference site near Paris without agreeing to anything binding. They prefer to test each other on the ground and then consider returning to negotiations by March 15.

In the theory of national liberation wars, this outcome represents a huge advance for the outgunned Kosovar guerrillas. They now bid to move into the "fight and talk" framework that wore down militarily superior forces in Vietnam, Algeria and elsewhere in past decades.

With the help of the six-nation Contact Group of diplomats that convened the Rambouillet talks, the Kosovo Liberation Army has "arrived" in international politics. They promptly stiffed the U.S. secretary of state and officials of Britain, France, Germany, Italy and Russia.

But in the real world of blood and steel the Kosovars may pay heavily for their abstract political gains. A primary, if unintended, consequence of Rambouillet has been to reduce Western pressure on Mr. Milosevic, who refused to go to the talks in France. He waited in Belgrade as ultimatums and deadlines were uttered and abandoned by President Bill Clinton and Secretary of State Madeleine Albright.

Mr. Clinton and Mrs. Albright failed to heed the advice given by Anton Chekhov to aspiring playwrights: If you hang a gun on the wall in the first act, be sure it goes off in the third. Through miscalculation, they wound up making sure the NATO gun that they so theatrically aimed at Mr. Milosevic could not go off at all after Rambouillet.

The Kosovars have 'arrived,' but they may pay heavily for their abstract political gains.

"Diplomacy backed by the threat of force" is the Clinton administration's favorite crisis management tool. It fits the virtual foreign policy that Mr. Clinton and Mrs. Albright often practice.

The thinly disguised failure in Rambouillet demonstrated that inconsistency and inflated rhetoric undermine this approach. Washington's most urgent task is to recognize the damage done at Rambouillet and to renew credible military pressure on Mr. Milosevic.

The Clinton administration, pilloried for not having an exit strategy in Bosnia, cannot find an entry strategy for Kosovo. Mrs. Albright and her aides had scripted her intervention at Rambouillet as the prelude to a final push to get Mr. Milosevic to accept a NATO-led ground force in Kosovo. The secretary was assured that the guerrilla delegation would sign on to a political accord establishing autonomy in the Serbian province and finessing final status decisions for three years.

But the guerrillas were far more distrustful of the Clinton administration's promises than the Americans wanted to believe. The Kosovars balked, undercutting an elaborate choreography designed to intimidate Mr. Milosevic into taking the autonomy deal: U.S. officials were trumpeting movements of NATO warplanes that in most true combat situations would be kept secret.

The fatal flaw was the tactic Mrs. Albright chose to force the Kosovars to play their assigned role at the conference. She said the North Atlantic Treaty Organization would not bomb Serbia unless the guerrillas first signed on.

When they backed out, the gun on the wall could not go off. Only adroit last-minute maneuvers by the chief U.S. negotiator, Christopher Hill prevented the conference from totally spinning out of the control of its conveners: Mr. Hill cajoled the Kosovar delegation into letting one of its members, Veton Surroi, sign an agreement in principle to resume talks with the Serbs in March. The other rebel delegates left France proclaiming they had signed nothing.

The meaning of Rambouillet is clear: There is no painless autonomy finesse of the Kosovar demand for independence available now. More fighting and more stomach-churning atrocities are on the horizon.

The United States and its partners are being maneuvered into having to choose between two extremes to halt that wider war: supporting independence for Kosovo, or committing themselves to bringing down the Milosevic regime as a way of bringing democracy and genuine autonomy to the province.

Mr. Milosevic's disappearance would advance U.S. interests in the Balkans more fully than does Kosovo independence. By clinging to a disappearing middle ground, Washington limits its ability to avoid the increasing likelihood that both independence and collapse in Belgrade will occur, creating the worst of all possible worlds.

The Washington Post.

Some Congressmen Wonder if the U.S. Knows Where It's Going

By Stephen S. Rosenfeld

WASHINGTON — For those of us who think an involvement in Kosovo is worth it, no question pointing the other way is tougher to deal with than the legal challenge raised by Representative Tom Campbell, Republican of California.

No mean partisan, he has joined with Representative Barney Frank, Democrat of Massachusetts, to gather some 40 congressmen to demand on constitutional grounds that the president obtain authority from Congress before taking military action against Yugoslavia.

This is not a simple recap of the familiar argument over presidential and congressional war powers. The special flavor and bite of Mr. Campbell's case were caught in an exchange he had with Undersecretary of State Thomas Pickering, speaking for the Clinton administration.

Campbell: Is Kosovo part of a sovereign Serbia?

Pickering: Yes.

Campbell: Is bombing a sovereign state an act of war?

Pickering: Yes.

Campbell: Can we constitutionally have an act of war without the approval of Congress?

Pickering: Not every act of war requires it. For instance, Bosnia and Somalia didn't.

This is where we get into the murk. As the national security adviser, Samuel (Sandy) Berger, stated in a Jan. 15 letter to Mr. Campbell, Bosnia and Somalia are places where the president used force without a formal congressional authorization.

But, the petitioning congressmen correctly reply, neither involved the dispatch of American forces into a foreign country's territory contrary to the will of the recognized government of that country.

That would be the situation in Kosovo if President Bill Clinton were to send forces. For Kosovo is a province in a state, Serbia, whose mother state of Yugoslavia the United States formally recognizes. There may be reasons to intervene, but it remains an invasion no matter what you may think those reasons are.

Henry Kissinger, the former secretary of state, flips the coin from its legal to its foreign-policy side. Does Mr. Clinton mean, he fairly asks, "that America's military power is available to enable every ethnic or religious group to achieve self-determination? Is NATO to become the artillery for ethnic conflict? If Kosovo, why not East Africa or Central Asia?"

To all these questions there are answers — of varying persuasiveness. Mr. Campbell says that in the eyes of Congress a premise of genocide might serve to rationalize an otherwise unconstitutional American intervention. President Clinton, if he took the issue to Capitol Hill, might prevail, and his policy would be the stronger for it, the congressman thinks.

Genocide, or a suggestive touch of it, seems to be the main source of American support for a Kosovo military engagement. The separate notion of intervening in the hope of bringing an extra dollop of stability to the unforgiving Balkans appears to lack the same appeal. The sovereignty issue as brought to bear in their respective ways by Mr. Campbell and Mr. Kissinger has had a low profile in the American debate, the Serb slaughters a much higher one.

There is merit in the humanitarian argument. The interested American public does well, in my view, to distinguish the several large slaughters of Kosovars conducted by Serbian forces under Slobodan Milosevic, someone deeply stained by other Serb massacres, from the casualties inflicted by ethnic-Albanian guerrillas.

Mr. Kissinger, for one, worries that "humanitarianism" may divert the United States from core strategic considerations. But he is not so much disposed to root that ungeopolitical quality entirely out of American policy as to limit it by criteria yet to be drawn. That effort, if undertaken, is bound to be subject to fits and starts.

I detect no groundswell of opinion favoring renewal of congressional debate over presidential versus congressional war powers. Been there, done that. As we have seen since Vietnam, Democratic presidents are as reluctant as Republican ones to formalize a consultative process that the White House might not be able to control.

The claim that congressional approval strengthens a president's policy is not one that presidents leap to test. Mr. Campbell himself is no post-Vietnam firebrand, just someone wondering if we have a grip on where we are going.

Who is not so wondering? Events may yet moot an American Kosovo involvement. Meanwhile, we need to think harder about the urgencies and pitfalls of intervening in a civil war over the government's protests and on the rebels' side. If it sets a precedent, it should not set a rule.

The Washington Post.

For the Sake of Free Trade, Asia and Europe Need to Be Strong

By Gerald Segal

LAUSANNE, Switzerland — As some Asian economies begin the long climb out of recession, the crisis that began in July 1997 becomes as notable for what did not happen as for the devastation it caused.

For the senior officials and specialists concerned with Asia-Europe relations and the global economy who met recently under the auspices of the Evian Group in Lausanne, the most striking nonevent has been the absence of major trade protectionism in the developed world. But to the embarrassment of many Europeans, the credit for maintaining the vitality of the global economy is almost entirely American.

As Asians try to export their way out of recession, the annual U.S. trade deficit has risen to $280 billion, from $146 billion in 1996. The 11 euro zone countries continue to run a steady trade surplus of about $100 billion a year. Europeans may sneer at the low U.S. savings rate, but Asians have gone quiet on the subject. They know it is the openness of the U.S. economy that keeps the global economy growing.

The second nonresult of the Asian crisis is the absence of a global recession. There has clearly been a contagion effect in emerging markets around the world, but the North Atlantic economies that account for two-thirds of global gross domestic product are still growing. The precrisis hype about Pacific Asia as the engine of future global expansion raised concerns that an Asian crisis would lead to crashes in the United States and the European Union. This has not happened.

Instead, we see the United States sustaining its longest peacetime era of economic expansion. European growth is patchier, but as Germany's deceleration shows, problems have far more to do with the failure to engage in domestic structural reforms than any Asian effect. As France, Spain and the Netherlands demonstrate, many other European countries are doing very well.

Yet there is a worrying nonevent for both Europeans and Asians: the absence of their much-touted ability either to replace American leadership with their own, or to create a stronger Asia-Europe axis.

Europe's euphoria about the euro changing the global balance of power has been tempered by depressing realities since the launching of the single currency in January. European growth is hindered by structural rigidities and the independence of the European Central Bank, which gives little opportunity for fiscal or monetary stimulus. The absence of a genuinely common foreign and security policy means that Europe still lacks a leader.

Asia also lacks leadership. So long as Japan, which accounts for two-thirds of GDP in Pacific Asia, remains in recession, it is in no position to lead a meaningful Asian recovery. China, whose growth rate continues to contract, is even less well placed to lead.

The Association of South East Asian Nations has long been the intellectual shaper of debates about Asian cohesion and identity. But because of financial turmoil and the economic slowdown in the region, it has lost confidence in its ability to articulate a vision of the future. Under such circumstances, it is not surprising that those who are concerned about keeping the global economy open are worried by the weakness of Europe and Asia.

A strong Europe and Asia committed to openness are vital to keeping the United States committed to open multilateralism. Yet as U.S. trade deficits balloon and European and Asian rhetoric about American "hegemonism" gets louder, Washington will be increasingly attracted to unilateralism. As a result, U.S. legislation aimed at punishing errant trading partners, and belligerent U.S. postures in World Trade Organization negotiations will become more pronounced.

The current flirtation of Europe and Asia with restricting trade in the booming business of genetically modified food is an especially worrying example of how delicate the balances of forces in favor of free trade are. The United States, along with Australia, Canada and Argentina, account for more than 90 percent of trade in genetically modified food. Europeans and Asians, who find it hard to compete, are exaggerating scientific worries to hobble their competitors.

The fact that U.S. economic success seems to be increasingly built on strengths in the information and innovation economy of the future makes more disputes of this kind likely — just as negotiations are to begin this year at the World Trade Organization on a new Millennium Round of cuts in a wide range of barriers to global trade. Unless Europe and Asia are able to keep the United States committed to open multilateralism, the Asian crisis may yet produce nasty results.

The writer is director of studies at the International Institute for Strategic Studies in London and Director of Britain's Pacific Asia Program. He contributed this comment to the International Herald Tribune.

Beijing Doesn't Favor Remembrance

By Jonathan Mirsky

LONDON — The Chinese government will spend 1999 picking its way through a minefield of anniversaries. On each of these, the Communist Party continues its attempts to impose collective amnesia.

This explains the recent warning by Jia Qinglin, the outgoing mayor of Beijing, that during the upcoming "sensitive period" the authorities will be "on close guard" to "crush infiltration, subversion, and splittism by foreign and domestic enemies."

Of these sensitive events, the most distant is the 80th anniversary of May 4, 1919. On that day, young people, led by students from Peking University, poured into the streets to protest the Versailles agreements that ceded control over parts of China to foreigners. From that day there developed a nationalist movement, which, among other demands for national salvation, callled for "Mr. Democracy." May 4th is always marked in China, but in the Communist period the incendiary word "democracy" has rarely been rarely mentioned.

Another troublesome anniversary this year is the 50th anniversary of the inauguration of the People's Republic. As with all Chinese anniversaries, it will be a time for solemn reflection. Many will think about Mao Zedong, wildly acclaimed at first, but now remembered as the leader who presided over the worst famine in history, from 1959 to 1961, when 30 to 50 million people starved to death because of the chairman's economic schemes.

In Tibet, March will bring an anniversary which adds to Beijing's unease: the 40th year since the 1959 revolt against the Chinese occupiers and the Dalai Lama's flight to India.

And then there is Tiananmen. The square in Beijing will be closed on June 4, but there is one commemoration that the Chinese authorities will not be able to suppress: the annual, vast candlelight vigil in Hong Kong. It will send shivers across official China.

Huge efforts are expended in China to maintain official darkness on sensitive matters. In 1994, the writer Ci Jiwei observed that under Communist rule, " bad things that could not be hidden were given either good names or else attributed to those who were dead. ... But political alchemy cannot long convert into the gold of amnesia a mountain of bad memories that is still growing."

The writer, a former East Asia Editor of The Times of London, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Canal Sale

WASHINGTON — The Panama Canal people have played their last card and it looks as though it might be successful. At the meeting of the House Rivers and Harbors Committee to-day [Feb. 27] the representatives of the company agreed to sell to the United States a controlling interest in the canal route and to put up a financial guarantee that they will complete the canal in from seven to ten years. No money is to be asked from the United States until the canal is completed.

1924: Bill Protest

NEW YORK — Several Democratic members of the House of Representatives from New York State have signed a protest against the pending Immigration Bill on the ground that it was framed to discriminate in favor of Nordic races and against those of Southern and Eastern Europe. Immigration figures for the last half of 1923 show that British subjects entering the country exceeded those of any other nationality. The total number admitted was 555,587, of which 149,507 came from the British Isles. Next in order were Germans, 97,566 and Italians, 49,777.

1949: Church Control

BUCHAREST — Sixteen Roman Catholic women's and youth organizations were dissolved by an official decree and their property turned over to the ministry of the Interior. The organizations had their headquarters in various towns of Transylvania. The action followed an earlier decree this month which gave the government wide controls over church organizations, property and education.

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Herald International Tribune

BUSINESS/FINANCE

** R SATURDAY-SUNDAY, FEBRUARY 27-28, 1999

Phone Wars Flare Across Europe

Rates Dive, Especially in Germany, After Opening of Markets

By Edmund L. Andrews
New York Times Service

BUDELSDORF, Germany — Fourteen months after the European Union ordered all member countries to open their telephone markets, telecom competition is flaring up across the Continent.

Just ask Gerhard Schmid, who has made a fortune getting under the skin of Deutsche Telekom AG.

It was bad enough that Mr. Schmid has lured away nearly 10 percent of the German telephone giant's long-distance business just since the beginning of 1998, when the market was opened to competition. It was even more grating that he did it on a shoestring budget, mostly with phone lines he leased from Telekom itself.

But what really drove Telekom crazy was his advertising cheek. When Mr. Schmid ran ads that looked exactly as if they had come from Telekom, the company — once a state-owned monopoly — fired back with full-page ads of its own announcing a "TRAP!" And when Mr. Schmid mailed fliers promising "to put your phone bill on a diet," Telekom lawyers obtained court orders to block him, arguing that not all his prices were lower than theirs.

Yet none of that has stopped Mr. Schmid from becoming an overnight billionaire. As founder of Mobilcom AG, based in this remote hamlet in the far northern state of Schleswig-Holstein, Mr. Schmid has roared out of nowhere to become the second-largest long-distance carrier in Europe's biggest and most bruising telephone market.

Long-distance prices have plunged by as much as 70 percent, and new price wars are breaking out in Internet access service. Deutsche Telekom, analysts estimate, has already lost about 30 percent of its long-distance market and may lose more this year. Goldman Sachs & Co., which managed part of Deutsche Telekom's initial public stock offering two years ago, summed up the baffling turmoil in the title of a recent report: "What is Going On in Germany?"

In fact, Germany is not alone. Similar price wars have broken out across Europe from Spain to Holland and even Austria. Some of the new competitors are huge consortiums, often led by power companies and railroads. Some of them are cheeky upstarts like Mobilcom, which lease lines at volume discounts and resell service to customers at cut-rate prices.

In Italy, Olivetti SpA added a new twist this week by launching a hostile takeover attempt of the national telephone company, Telecom Italia SpA. Olivetti owns Italy's second-biggest cellular service as well as Infostrada, the leading competitor in fixed-line phone service.

But nowhere has the shock been greater than in Germany, Europe's wealthiest market.

The tide may be shifting. Alarmed by Deutsche Telekom's decline last year, German regulators softened their relentlessly hard stance and set new rules this month that will make it more expensive for rivals to enter the local telephone market.

Just as important, Deutsche Telekom has fired back at its rivals with drastic price cuts. Beginning Jan. 1, it slashed most of its long-distance rates by more than 50 percent. The price of a daytime call on weekdays, for example, dropped to 24 pfennig (14 cents) per minute from 56 pfennig. Earlier this month, Telekom announced plans to cut rates again in March or April.

'We thought, what would happen if we cut prices all at once by 70 percent?'

Indeed, Deutsche Telekom's stock has soared about 50 percent so far this year, partly on expectations that the worst may be over. Shares of other former monopolies, among them France Telecom SA and Telecom Italia, have climbed sharply as well.

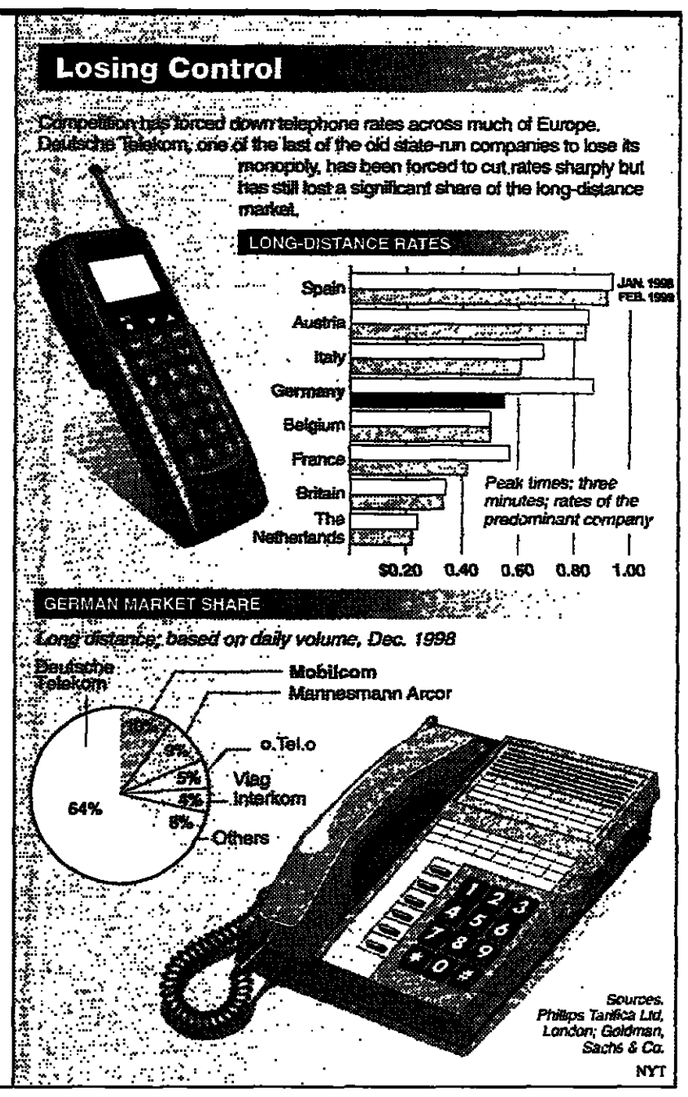
The impact of new competition varies considerably across Europe. Some countries, like Britain and Finland, had already opened their markets several years ago. In others, like Spain and Italy, government regulators have made life tougher for newcomers and slowed the change. In the Netherlands, Austria and Germany, competition has been brutal.

But analysts say some of the old monopolies prepared for competition much better than others. France Telecom, for example, has lost only about 4 percent of its long-distance market, while its sales and profits have both climbed sharply.

"The main difference is that France Telecom bit the bullet early," said Victoria Granger, a telecommunications analyst at Merrill Lynch. "They imposed some really heavy tariff cuts."

Deutsche Telekom also cut its prices ahead of competition, but its prices were twice as high as those in neighboring countries. According to data compiled by Phillips Tarifica Ltd., a London-based publisher of industry newsletters, a three-minute long-distance call during business hours cost

See TELEPHONE, Page 11



Money Policy Is Key, U.S. Tells Japan

Weaker Yen Won't Solve Problems, Summers Says

Reuters

TOKYO — The United States pointedly told Japan on Friday that the cure for its economy depended on macroeconomic steps — including monetary policy — and not on a weaker Japanese currency.

"The exchange rate cannot be a substitute for policy," Lawrence Summers, the U.S. deputy Treasury secretary, told a media luncheon. "What we regard as most important is that Japan pursue policies that will deliver strong domestic demand-led growth and contribute to a more balanced pattern of growth in the world economy."

Despite his remark — after repeatedly refusing to comment to reporters on currencies — the yen weakened a bit against the dollar as the markets focused on Mr. Summers' suggestions that the central bank may have to further ease monetary policy to get Japan's beleaguered economy growing again.

Tokyo has said that some degree of yen weakening was a welcome natural consequence after the Bank of Japan's easing of credit on Feb. 12, and officials have suggested that the United States and other major powers accept that view.

Mr. Summers instead urged sustained fiscal stimulus for several more years, saying that this "boost to the economy should, and I hope will, be accommodated by monetary policy."

With Japan's economic outlook deteriorating and uncertainties increasing in recent months, Mr. Summers said, "What I think is crucial is the recognition that the goal of price stability includes the responsibility to avoid deflation."

Earlier on Friday, Yukihiko Ikeda, an official of the ruling Liberal Democratic Party, said Mr. Summers had told him that both Japan's government and its central bank might need to take more steps, and suggested that the Bank of Japan's decision to pump funds into the money market to push down a key short-term rate might not be enough.

Mr. Summers' warnings came one day after the Bank of Japan's Policy Board decided to maintain its latest move to guide the overnight interest rate down to 0.15 percent and then as low as possible — even to zero — as one way to help cap rises in long-term rates that could scuttle hopes of recovery.

With fiscal policy stretched to its limits, Japan's central bank has moved to the center of a heated debate at home and abroad over whether it should adopt a quantitative easing of credit, which would target either inflation or money supply.

By spurring inflation, some economists say, consumers and companies could be persuaded to spend more now. Critics of the prescription say it could spark hyperinflation, open the door to reckless government spending and send the yen plunging.

Concern at Home and Relief Abroad Lift U.S. Long-Term Rates

By John M. Berry
Washington Post Service

WASHINGTON — Longer-term interest rates have climbed by half a percentage point or more over the past month because of a combination of factors, including strong news about the U.S. economy, fading fear of turmoil in foreign markets and concern that the Federal Reserve Board may act to brake growth.

On Thursday, for example, the yield on 30-year U.S. Treasury bonds jumped to 5.61 percent, from 5.51 percent on Wednesday, after reports that January sales of existing homes rose to a record level while new orders for factory goods turned out to be unexpectedly strong for the second month. The yield receded a bit, to 5.57 percent, on Friday.

Stronger economic growth increases the demand for credit by households and businesses, which tends to boost rates. Expectations about growth also play a significant role, both in terms of the demand for credit and whether, in the current situation, the Fed may decide to raise short-term rates to slow growth and contain inflation. Any Fed action — or an expectation of action — on short-term rates usually is reflected in part in longer-term rates.

The rise in market rates, which analysts said has helped keep stock prices more or less flat since the beginning of the year, has cost bondholders dearly. In the past month, bond prices, which go down when yields go up, have tumbled roughly 10 percent.

Stocks fell Thursday as the movement in rates rekindled concerns about stock market valuations. The Dow Jones industrial average closed down just 33.33 points but was off by as much as 166 points at one point because of rising rates. On Friday, the average fell a further 59.76 points to 9,306.58.

Rising rates hurt stock prices for several reasons. Higher rates may slow economic growth and increase borrowing costs for businesses, both of which can squeeze profits. For example, rising rates have begun to boost rates on 30-year fixed-rate home mortgages, a development that, if it continued, could slow the nation's hot housing market.

Higher interest rates would outweigh upward revisions in earnings estimates

ECONOMIC SCENE

resulting from stronger-than-expected economic growth, said Douglas Cliggott, a strategist at J. P. Morgan & Co.

"The market can't take interest rates up where they are right now," Mr. Cliggott said. Although many people will be raising earnings estimates, he said, "with higher bond yields that will still mean lower fair-value stock prices."

"What's going on, I think, is fairly straightforward," said Robert DiClemente, an economist with Salomon Smith Barney Inc. in New York. "The expectations that there would be some further sell-off in emerging country markets are diminishing. As each week goes by and Brazil doesn't take out Mexico, the foreign fear diminishes and investors go back to looking at domestic conditions."

And what they find in the United States is an economy that shows few if any signs of the slowing growth that the Fed chairman, Alan Greenspan, predicts is on the way. Growth in each of the past three years has been about 4 percent, a pace likely to slow to 2.5 percent or 3 percent this year, Mr. Greenspan said this week.

Labor markets remain tight with weekly figures of initial claims for unemployment insurance dipping below 300,000 in each of the past four weeks, a sign of strong demand for workers. That demand was also seen this week in the Conference Board's report that its monthly survey of consumer confidence hit a record high.

In congressional testimony this week, Mr. Greenspan said one of the "upside" risks to the country's long-running economic expansion is that the "robust increase in production has been using up our nation's spare labor resources, suggesting that recent strong growth cannot continue without a pickup in inflation unless labor productivity growth increases significantly further."

The Fed chairman also emphasized, however, that there are "downside" risks as well, and a number of analysts, including Mr. DiClemente, described Mr. Greenspan's testimony as balanced, with some indication that Mr. Greenspan was leaning in the direction of raising rates.

"I got the impression that he is unconvinced that there is any clear direction for policy," Mr. DiClemente said. "Yes, growth has been unsustainably strong, but as he said, there is no indication of an inflation flare-up."

Edward Boehne, president of the Philadelphia Federal Reserve Bank, showed similar balance in a speech on Thursday.

"There is enough uncertainty about this year's economic outlook that we cannot rule out the possibility that 1999 will look as good as 1998," he said. But, he added, "we also can't rule out the possibility of adverse developments."

Citing Jobless, Seoul Defends Exports

By Don Kirk
International Herald Tribune

SEOUL — South Korea posted the highest unemployment figures in 33 years on Friday as President Kim Dae Jung suggested that Western countries, notably the United States, might be working against Seoul's interests by threatening strong measures against South Korean exports.

Mr. Kim introduced that element of criticism into a glittering conference that appeared largely to celebrate the struggle of South Korea and other Asian countries against the economic crisis that swept the region beginning in 1997.

As the national statistical office said that a record 1.76 million people (8.5 percent of the labor force) were out of work at the end of January, Mr. Kim warned that "attack from the developed countries," notably the United States, "will close markets" and destroy attempts at opening economies globally.

Mr. Kim spoke out critically at the opening session of a conference sponsored by the World Bank and the South Korean government. His remarks appeared specifically to counter a warning from Lawrence Summers, the U.S. deputy Treasury secretary, against South Korean subsidies of exports of such highly competitive products as semiconductors and steel.

"In the United States, Super 301 is being revisited," said Mr. Kim, referring to legislation invoking sanctions against countries engaged in unfair trading practices.

The South Korean president said protectionist feelings were being fueled by the decline of the U.S. steel industry, which has been blamed on unfair competition from a number of countries, including South Korea.

Mr. Kim defended his country's efforts at increasing exports in keeping with the long-standing view of both government and business that South Korea must export its way out of economic duress before business can boom as it did in the years before the economic crisis.

Seated beside Mr. Kim on the panel, James Wolfsensohn, president of the World Bank, said the real test of South Korea's economic recovery would come "in the coming weeks and months, I hope not years."

He acknowledged that the World Bank shared responsibility with other international agencies for having failed to anticipate economic crises in South Korea and in Thailand.

"None of us appreciated the extent of the impact of Thailand on confidence or the extent of weaknesses in the Korean system," he said. "The extent of the decline took us all by surprise."

If the experts from the World Bank and other groups "had known the extent of it, we would have spoken somewhat differently," Mr. Wolfsensohn said.

Concern here about growing U.S. criticism of the rise in South Korean exports is driven in large part by the steady rise in the number of people out of work.

Announcing the latest numbers, a spokesman for the national statistical office warned, "The worst is yet to come." Problems are expected to mount sharply as 300,000 new graduates of universities and secondary schools pour into the labor market in the spring.

Other statistics released Friday, however, appeared to verify the view of officials that the crisis has bottomed out and the economy is rebounding.

The Bank of Korea reported that the country's current accounts surplus now stood at a record $40 billion. That figure represents a reversal from the end of 1997 and 1996 when current accounts were measured in deficit figures.

A sign of the depth of the crisis, however, was that the country imported only $93.28 billion worth of foreign products last year, a decline of 35.5 percent from the year before.

CURRENCY RATES

Cross Rates — Feb. 26

	$	£	SF	Yen	C$	Dmk	Greek	Swede
London (n)	1.602	—	2.3214	190.08	2.4183	10.8496	469.55	13.1556
New York (b)	—	1.603a	1.447	119.05	1.5078	6.7528	291.80	8.1685
Tokyo	119.55	191.58	82.95	—	79.07	17.74	N.Q.	14.68
Toronto	1.5107	2.4212	1.045	1.2684*	—	0.2239	0.5174*	0.185
Zurich	1.4483	2.3215	—	1.2219*	0.9602	21.4141	0.4948*	0.1769
One euro	1.1018	0.6873	1.589	131.33	1.6684	7.4344	321.95	9.0025
One SDR	1.3644	0.8514	1.9654	165.36	2.0544	9.1915	398.80	11.0788

Interbank rates excluding commissions.

a: To buy one pound; b: To buy one dollar. *Per 100; N.Q.: not quoted; N.A.: not available. SDR: Special drawing rights of the IMF.

Sources: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (euro); IMF (SDR). Other data from Reuters.

Euro Values

Fixed rates of the EMU member currencies, for one euro:

Austrian schilling	13.7603	Irish punt	.787564
Belgian/Lux. franc	40.3399	Italian lira	1,936.27
Finnish markka	5.94573	Neth. guilder	2.20371
French franc	6.55957	Portug. escudo	200.482
German mark	1.95583	Spanish peseta	166.386

Other Dollar Values — Feb. 26

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9998	Hung. forint	228.98	N. Zealand $	1.9135	Slov. koruna	39.78
Australian $	1.5977	Indian rupee	42.68	Norw. krone	7.904	S. Afric. rand	6.225
Brazilian real	2.07	Indo. rupiah	8875.0	Pakist. rupee	51.23	S. Korea won	1222.5
Chilean peso	498.55	Israeli shek.	4.0515	Phil. peso	39.08	Taiwan $	33.03
Chinese yuan	8.2789	Kuwaiti dinar	0.3045	Polish zloty	3.90	Thai baht	37.50
Czech koruna	34.33	Leban. pound	1508.0	Russian ruble	22.84	Turkish lira	352200
Egypt. pound	3.408	Malay. ringg.	3.80	Saudi riyal	3.752	UAE dirham	3.671
Hong Kong $	7.7475	Mexican peso	9.96	Singapore $	1.7248	Venez. boliv.	574.25

Source: Associated Press.

European Cross Rates

Intra-EMU rates are permanently fixed

	Aus	Belg	Finn	FrF	DM	Iro	Lira	Neth	Port	Spain
Dollar	12.5145	36.688	5.4075	5.9657	1.7768	0.7162	1,760.97	2.0042	182.33	151.33
Pound	20.0811	58.87	8.6769	9.5727	2.8543	1.1494	2,825.69	3.216	292.57	242.82
Yen	9.38	3.2691	22.18	20.19	67.42	167.43	6.81	59.84	0.66	0.7925
Aust.Schilling	—	34.1109	2.7143	2.0977	7.0355	17.472	0.7187	6.2442	68.836	8.7701
Belg. Franc	2.9316	—	6.7847	6.1498	20.6265	51.2211	2.0834	18.2854	201.215	24.3448
Fin. Markka	0.4321	14.7391	—	0.9064	3.04	7.5495	0.3071	2.6961	29.657	3.5735
Fren. Franc	0.4767	16.2607	1.1032	—	3.3539	8.3289	0.3388	2.9746	32.719	3.9424
Germ. Mark	0.1421	4.8484	0.3289	0.2982	—	2.4824	0.101	0.8875	9.7656	1.1755
Irish Pound	0.0572	1.9523	0.1325	0.12	0.4027	—	0.0407	0.3574	3.9328	0.4733
Italian Lira	1/81.71	4,799.89	325.66	295.18	990.00	2,458.56	—	878.64	9665.81	1,163.72
Neth. Guild.	0.1601	5.4629	0.3706	0.336	1.1267	2.7981	0.1138	—	1.0992	1.3245
Port. Escudo	14.5696	496.98	33.7187	30.5832	102.51	254.56	10.354	90.9748	—	120.49
Span. Peseta	12.0917	412.46	27.984	25.365	85.0718	211.27	8.5931	75.5027	82.993	—

LYCOS Search for: digital cameras Go Get It! Help Feedback
New Search Search These Results
Lycos Network | Tripod.com | Angelfire.com | MailCity.com | WheWhere.com | HotBot.com All Sites...
NYT

Internet searches often slyly direct Web surfers to advertised products rather than comprehensive lists.

Is It an Ad or Not? Internet Blurs Line

By Saul Hansell and Amy Harmon
New York Times Service

NEW YORK — Does your baby have diaper rash? You could search for solutions on an Internet site called Baby Center. Looking for a Mexican restaurant in Los Angeles? The Los Angeles Times site has listings. How about a place to buy a camcorder? CompareNet, a consumer guide site, lists on-line stores.

The answers appear almost instantly: Johnson & Johnson baby powder; El Cholo restaurant; Netmarket, an on-line store. Those might appear to be reliable recommendations, because each of those Internet sites has a staff of editors writing what is put forward as objective information. But in each search, with little or no disclosure, the sites given favorable placement are those of paying advertisers.

Skewed searches are just one of the many ways that advertising is being woven into the very fabric of the World Wide Web:

- On CNNfn, the travel page listed on the financial news site's main menu blends CNN travel articles with reservation services and promotions from a sponsoring travel agency.
- A page on hair loss in America Online Inc.'s health section features three prominent links. Two lead to articles in on-line publications; the other, in the same format, goes to a site selling treatments for baldness.
- The site for the youth-oriented television series "Dawson's Creek" has stories of its characters getting their hair done at the Dep Capeside Salon, filled with paid promotion of Dep hair products.

American media companies have traditionally aspired to distinguish between paid advertising and features created by producers or editors with no objective other than to appeal to their audience. But on the Internet, with bookstores becoming literary reviews and news outlets turning into travel agents, it is getting hard to find a source of information that does not have a financial stake in what users do with what they publish.

Many of the leaders of Internet companies say the traditional lines between advertising and editorial content just do not apply on-line. "This medium is very different from magazines, where the rules of the road have been codified over the years," said Barry Schuler, head of America Online's flagship service. "Our users do not care what the financial relationship is between us and the provider of the content they see. They care about whether it is convenient and does what they want it to."

Other Internet executives worry the industry has become so greedy that it is hurting itself in the long run.

But such long-term thinking is hardly possible among small Internet companies scrambling for revenue to justify the values that Wall Street has placed on their stocks. Users are loath to pay subscription fees for information on the Internet. So the money has to be made by selling products or selling ads. And users are losing interest in banner advertisements.

The question of what is advertising and what is editorial is most complicated on popular sites like Yahoo! and Excite, which started simply as ways to search the Internet and have grown to include a variety of content and services intended to make them portals to cyberspace. The sites have always maintained that those searches were objective and that companies could not pay to be listed first.

But where there is demand, it will be filled, especially by revenue-hungry start-ups. Many search services have started putting all sorts of links to advertisers above and to the side of the actual search results.

On Yahoo! the line between objective information and advertising is just that: It is light blue and streaks across the site's front page. Below that line is Yahoo!'s vaunted index of Internet sites, selected by its staff of surfers, who sometimes also write reviews of the sites.

Above the line, however, are links to other parts of Yahoo! Inc.'s service, many of which are run by "partners," meaning sites that pay a fee to display their wares and often a commission on any sales that result.

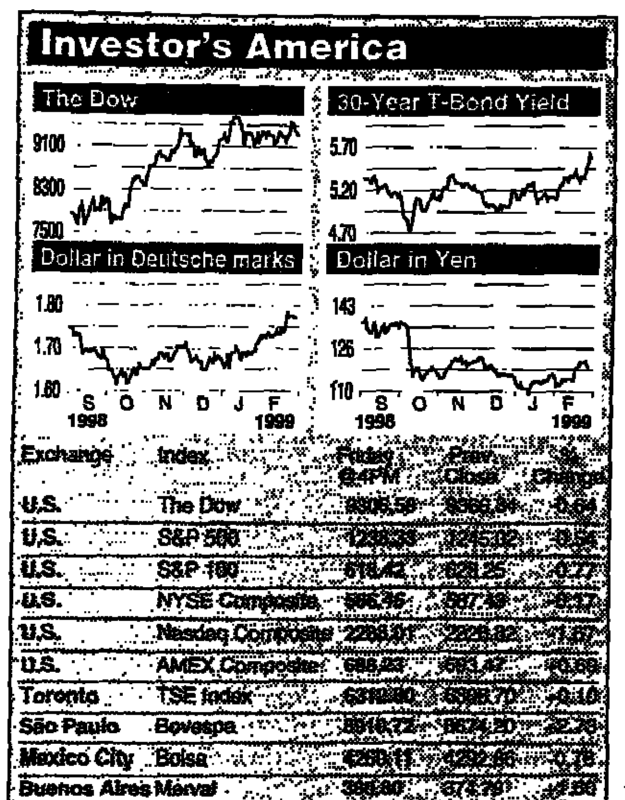
Someone looking to make airplane reservations who clicked on the Travel entry in the below-the-line index would eventually find a list of all the on-line travel services. But if the user's eye was first caught by the words "Travel Agent" above the line, clicking there would lead to Travelocity, the travel affiliate of AMR Corp., which has paid to be the official travel service of Yahoo! (Never mind that Yahoo!'s own reviews say that Travelocity's competitor, Preview Travel, has a better site.)

Sometimes the commercial influence on sites is disclosed, but indirectly. The local guides produced by Ticketmaster Online-Citysearch, including the one with The Los Angeles Times, tell users that restaurants are ranked based on the size of their Internet sites. But it does not say that those sites are paid advertisements on Citysearch, and thus the listings are presented with the highest bidders first.

One extreme approach is taken by Goto.com, a search service started by Bill Gross, the entrepreneur who founded Citysearch. It favors advertisers in its search result, with the highest bidder listed first. But there is no question of deception: The amount paid for each listing is printed on every screen.

THE AMERICAS

Investor's America



Exchange	Index	Friday 4 P.M.	Prev. Close	% Change
U.S.	The Dow	9306.58	9366.34	-0.64
U.S.	S&P 500	1238.33	1245.02	-0.54
U.S.	S&P 100	618.42	623.25	-0.77
U.S.	NYSE Composite	586.46	587.43	-0.17
U.S.	Nasdaq Composite	2288.01	2326.82	-1.67
U.S.	AMEX Composite	686.23	693.47	-0.69
Toronto	TSE Index	[illegible]	[illegible]	-0.10
São Paulo	Bovespa	8916.72	8674.20	+2.79
Mexico City	Bolsa	4260.11	4292.66	-0.76
Buenos Aires	Merval	389.80	374.79	+4.00
Santiago	IPSA General	3841.12	3858.36	-0.45
Caracas	Capital General	3810.67	3789.49	+0.56

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

- Peru plans to raise $1 billion through bond sales and loans to help the country's struggling companies restructure debt.
- **Volvo AB's** chief executive, Leif Johansson, plans a U.S. visit next week amid speculation he will meet with the head of **Navistar International Corp.** to discuss buying the rival truckmaker.
- **MCI WorldCom Inc.**, the No. 2 U.S. long-distance phone company, said the head of its international ventures, Michael Rowny, has resigned and will leave at the end of March.
- **Brazil**, seeking to head off a wave of defaults, agreed to assume 11 billion reals ($5.42 billion) of municipal bond debt owed by five of the nation's largest cities.
- **A lawsuit charging Merrill Lynch & Co** with job discrimination on the basis of sex will include about 900 women plaintiffs as the Tuesday deadline for the suit approached.
- **Lycos Inc.**, the No. 3 Internet search service, said its second-quarter loss from operations was $1.48 million, compared with a profit of $301,000 a year earlier. *Bloomberg, AP, NYT*

DirecTV Loses CBS and Fox

Washington Post Service

WASHINGTON — DirecTV Inc. will shut off delivery of CBS and Fox programming to 300,000 customers after a federal judge in Florida barred the direct broadcaster from offering those signals to customers over its 18-inch satellite dishes.

The judge's order Thursday was the latest twist in a legal battle between the nation's largest satellite TV company and the TV networks, which fear that satellite transmissions of their programs are draining advertising revenues from local broadcast stations.

Federal law allows the satellite systems to provide network programming only to viewers who cannot receive the local affiliate of a network using a conventional TV antenna.

Yen Aided By Japan's Inaction

Bloomberg News

NEW YORK — The dollar fell against the yen Friday after Japan's finance minister, Kiichi Miyazawa, threw cold water on expectations that he would ask the central bank to intervene in the bond market to drive down high yields, which have bolstered the yen.

Mr. Miyazawa said he would not ask the central bank to buy more government bonds to push yields down, a move that economists have argued would help revive growth.

His comments came a day after he said Japan would not print more

FOREIGN EXCHANGE

money to help the country emerge from its year-long recession. Rising yields the last four months have discouraged borrowing and strengthened the yen, eroding exporters' earnings.

"The Bank of Japan has disappointed the market this week in not being more forthcoming about pumping up the money supply and bringing down long-term bonds yields," said Jay Bryson, international economist at First Union Corp. in Charlotte, North Carolina. That is weakening the dollar against the yen, he said.

The U.S. currency was quoted at 4 P.M. at 119.05 yen, down from 119.775 yen on Thursday.

The dollar was little changed against the euro, giving up gains it had made early in the day when a report showed that U.S. economic growth roared ahead in the fourth quarter.

The report fueled talk that U.S. interest rates may be raised this year while expectations are for lower rates in Europe. That would make dollar-denominated investments more attractive vis-a-vis the euro.

The U.S. Commerce Department said growth in the last three months of 1998 increased 6.1 percent on an annualized basis, up from last month's preliminary 5.6 percent estimate.

The dollar continued to gain against the euro.

Even though traders took profits after the U.S. currency's recent rise, the euro fell to $1.1025 from $1.1043.

The dollar rose to 1.4470 Swiss francs from 1.4401 francs.

The pound fell to $1.6030 from $1.6040.

Union at Saturn Elects UAW-Friendly Leaders

By Keith Bradsher
New York Times Service

DETROIT — All of the local union leaders who made General Motors Corp.'s Saturn Corp. one of the most prominent U.S. experiments in labor relations have been voted out of office and replaced with new leaders advocating a more traditional relationship with management.

General Motors set up Saturn in Tennessee in 1986 in an effort to create a car company with labor relations that would be less rancorous and more cooperative. For the past 13 years, the local Saturn union had been led by Michael Bennett, who frequently defied the national leadership of the United Automobile Workers union by linking pay to productivity and encouraging workers to participate in a wide range of decisions with management.

Mr. Bennett and his entire slate of other union officials were defeated in elections Wednesday, according to results that were confirmed Thursday by union officials.

Replacing Mr. Bennett will be Robert Williams, a vice president of the local union and a critic of Saturn's labor relations.

Specialists have come from around the world to study and praise Saturn's experiment at its 7,000-employee factory in Spring Hill, Tennessee. But many of the workers have increasingly felt that they were making too many concessions to management, like irregular workweeks that included work on Saturdays without overtime pay.

Workers' anger boiled over last summer when a strike at two parts factories in Flint, Michigan, forced the closing of almost all of GM's assembly plants in North America. The Saturn assembly plant remained open then because the local union leadership agreed to let GM use parts from other companies, including Japanese spark plugs.

Mr. Williams, who won the election this week, was the only local union official who, in a union vote two years ago, advocated ending the existing labor contract at Saturn and replacing it with the national UAW agreement in force at every other GM factory in the United States.

Mr. Williams won 55.5 percent of the vote at the Saturn factory, while Mr. Bennett received 38.6 percent. Two other candidates had the rest of the vote.

Mr. Williams and his fellow candidates have not called for replacing the Saturn contract. But they did say that Saturn should stop linking pay to productivity and should adopt many work rules from other GM factories.

In another, apparently coincidental setback for Saturn, its vice president for sales and marketing, Joseph Kennedy, resigned on Wednesday to work for an Internet company in California. Mr. Kennedy had been one of GM's young star executives but was passed over late last year for the chairmanship of Saturn when the man who built the car division, Donald Hudler, announced his retirement.

Cynthia Trudell, who replaced Mr. Hudler last month, said she was surprised by the outcome and would miss the current union leaders. But she insisted that Saturn could continue to grow with the new leaders.

"I'm very committed to working with the new group," she said by telephone.

GROWTH: *Economy in 4th-Quarter Leap*

Continued from Page 1

both new and used houses into the stratosphere right through last month, may be starting to show a bit of fatigue. With the run-up in interest rates, mortgage applications have started to decline; last week, they were down to their lowest level in a year. If applications continue to dwindle, housing starts could start heading south, too, as early as the spring.

The big spenders that everyone thinks will hang in there are American consumers. Spending grew 5 percent last year and, judging from cheery reports from retailers so far this year, there's no slowdown in sight. That strikes some observers as improbable, even impossible, given the fact that the debt of American households has been growing nearly twice as fast as income.

But, if forecasters are right, the only thing that is likely to keep consumers away from the mall is a stock market meltdown. While debt has indeed been ballooning alongside big-ticket purchases of cars, appliances, furniture, and vacations, high stock prices have fleshed out the asset side of household balance sheets, which have swelled by some $10 trillion since 1994. Then there are the extra plump income tax refunds (running 25 percent ahead of last year), sky-high consumer confidence, tremendous income gains and a job market as bountiful as virtually any in postwar American history.

An economy can support a negative saving rate for a very long time as long as someone else is willing to finance it, said Maureen Allyn, chief economist at Scudder Kemper.

■ Tech Stocks Lead Drop in Market

Stock prices fell for a third day in a row as analyst reports predicting slower growth for Compaq Computer set off declines in other technology stocks, Bloomberg News reported from New York.

"Technology stocks are adjusting because there might be some slowness on the personal computer side," said Henry Cavanna, a money manager at J.P. Morgan

U.S. STOCKS

Investment Management. "The trigger today was Compaq."

At the close, the Dow Jones industrial average was down 59.76 points at 9,306.58. The Standard & Poor's 500 index was down 6.69 at 1,238.33 and the Nasdaq composite index fell 38.81 to 2,288.01.

Declining issues outnumbered advancing ones by a ratio of 4-to-3.

Compaq, the largest maker of personal computers, fell 5 13/16 to 35 3/16. The company told analysts that the first quarter may come in "a bit light," said Steve Milunovich, a Merrill Lynch analyst. He lowered his revenue forecast and cut his profit estimate for the company. Other analysts followed suit.

Other technology giants were caught in the selling. Intel fell 7 13/16 to 119 15/16, Microsoft fell 3⅜ to 150⅛ and IBM was down 3⅝ to 170.

Some investors see more declines in March.

"Every time the market goes up, people want to come in and sell," said Scotty George, chief investment strategist at Corinthian Partners Asset Management.

With stocks in retreat, investors drove up the prices of U.S. Treasury securities, lifting the benchmark 30-year bond 20/32 point, to 95 9/32.

That lowered the yield to 5.57 percent from 5.62 percent Thursday.

Viacom to Switch Its Listing To the Big Board in April

Compiled by Our Staff From Dispatches

NEW YORK — Viacom Inc., the publishing and entertainment company behind MTV Networks and the most actively traded stock on the American Stock Exchange, is opting for the prestige of the New York Stock Exchange.

The switch, effective April 8, is a major loss for the Amex. Viacom's two classes of shares represent almost 4 percent of equity volume on the third-largest U.S. stock market.

"This is not the direction the Amex wants to go in," said Patrick Healy, president of the Issuer Network. "The NYSE has many Viacoms. The Amex has very few."

Viacom, whose empire includes Paramount Pictures, Simon & Schuster books, Blockbuster Video stores and television stations and movie screens in 12 countries, announced the move Thursday as it reported fourth-quarter profits.

It said profits from operations were $296.3 million, a 36 percent gain from the last quarter of 1997. But net income fell 97 percent, to $18.5 million, because the previous year's results were boosted by a gain from selling its half of USA Networks.

Companies generally switch to the NYSE for the cachet of trading on the world's largest stock market. *(Bloomberg, AP)*

HONG KONG: *Grim Forecast*

Continued from Page 1

Analysts said the downward revision of the forecast came as no surprise given the current economic climate, but they warned that the figure may not reflect such dangers as China's development undermining the economic structure of the city.

"Looked at in the medium term, it is hard not to be more pessimistic about Hong Kong's prospects," said Guonan Ma, head of Asia-Pacific economic research at Salomon Smith Barney, who expects a five-year growth average of 2.5 percent or less.

"I do not see any new engine or sector to drive economic growth here again, and the city is losing its role as a gateway to China," Mr. Ma said. China's improved infrastructure, increased know-how and better direct trade connections to the world mean that Hong Kong's ability to command a premium has been diminished, he added.

Although revenue will drop with the slower growth, the government plans to increase spending by 2.4 percent, to 230 billion Hong Kong dollars ($29.68 billion) over the fiscal year starting in April, Ms. Yue said.

The biggest increases in recurrent spending will go to social welfare, education, health and security.

"Despite the economic downturn, we have maintained our commitment to meet increases in demand, to improve the quality of public services and to invest in our physical infrastructure for the benefit of the community and our, future economic growth," she told reporters.

Social welfare, education, health and security receive some of the largest increases in spending, she said, adding that the budget would have to be reviewed if a recent court ruling allowing right of abode to Chinese children born in Hong Kong brought a flood of mainland migrants.

There was also bad news Friday on exports from Hong Kong, which fell 6.6 percent in value in January compared with the previous year, as import demand slowed in the United States.

The value of total exports, comprising re-exports and domestic exports, in the month fell to 106.9 billion dollars, the Census and Statistics Department said.

Within this total, the value of re-exports decreased by 6.3 percent, to 92.9 billion dollars, while the value of domestic exports decreased by 8.9 percent, to 14 billion dollars.

The value of imports fell to 107.5 billion dollars in January, down 5 percent from a year ago.

A spokesman said import demand in Japan also remained "distinctly weak."

"But the pace of decline in exports was more moderate than in the preceding months," he added.

■ Firms Pledge Spending

Seven international firms said Friday they would support the government's plan to turn Hong Kong into a center of technological innovation, with many pledging new investment, Reuters reported.

Representatives from Minnesota Mining & Manufacturing Co., H&Q Asia Pacific, Nortel Networks, Sybase Inc. and VTech Holdings Ltd., News Corp.'s STAR TV and Motorola Inc. announced the support after meeting Hong Kong's chief executive, Tung Chee-hwa.

U. S. STOCK MARKET DIARY

Friday, Feb. 26

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	9365.36	9398.13	9252.52	9306.58	-59.76
Trans	3220.93	3243.58	3194.46	3207.43	-12.72
Util	294.11	295.16	292.22	291.87	-0.24
Comp	2890.38	2899.35	2865.50	2876.11	-14.12

Standard & Poors

	High	Previous Low	Close	Today 4 P.M.
Industrials	1512.99	1477.84	1501.77	1488.10
Transp.	691.06	678.10	686.50	682.96
Utilities	240.55	235.73	237.52	237.24
Finance	132.88	130.16	132.62	134.34
SP 500	1253.41	1225.01	1245.02	1238.33
SP 100	624.95	612.79	623.25	618.42

NYSE

	High	Low	Last	Chg.
Composite	589.20	587.08	586.46	-0.97
Industrials	734.50	721.95	728.70	-3.30
Transp.	479.35	472.17	474.93	-2.75
Utility	436.60	430.11	434.49	-0.52
Finance	526.67	518.60	525.48	+4.65

Nasdaq

	High	Low	Last	Chg.
Composite	2320.49	2277.18	2288.01	-38.81
Industrials	1319.03	1296.93	1300.85	-12.62
Banks	1771.96	1756.49	1771.76	+11.46
Insurance	1815.53	1790.29	1792.69	-4.76
Finance	2786.07	2758.58	2781.41	+8.61
Transp	961.32	954.51	956.69	-8.36

AMEX

	High	Low	Last	Chg.
	698.50	693.47	696.23	+4.76

Dow Jones Bond

	Close	Chg.
20 Bonds	104.48	+0.35
10 Utilities	102.61	+0.58
10 Industrials	106.34	+0.11

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Compaq	736647	37 9/16	34½	35 3/16	-5 13/16
AmOnline s	174665	89¾	86	88⅝	+1 15/16
MicronT	129906	59¼	54⅝	57⅛	-9⅝
Citigrp	92743	59 7/16	56 9/16	58 9/16	+1⅛
Seagate	90403	31¼	26½	29	-1⅜
AT&T	85857	85 5/16	82½	82⅝	-2⅝
IBM	70321	171⅞	166½	169¾	-4⅛
Lucent s	69850	102⅜	99	101 9/16	+⅞
TexasInst	59122	91 13/16	88¾	89¼	-7⅛
Disney s	54427	35 5/16	34 5/16	35⅛	+⅛
EMC	54053	104½	100 9/16	102¾	-1⅞
Venator	52116	5⅛	4⅞	5	+⅛
BellSo s	51422	46 5/16	45⅜	46⅛	+⅛
PhilMor	49341	40 5/16	39⅝	39 9/16	-⅛
USWest	49310	55⅝	52	53 9/16	-1 9/16

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel	409148	123½	118⅞	120	-7¾
DellCom s	307883	80¼	78	79 9/16	-1 9/16
ApldMat	211637	62⅛	55 9/16	55 9/16	-8⅛
VLSI	153451	16⅛	15	15⅞	+4⅜
Microsft	143896	153½	149⅝	150⅛	-3⅜
Cisco s	140977	98⅜	95½	97⅛	-⅞
Novell	139855	20⅝	19⅝	19⅝	-1½
Amazon s	125839	130	121	128⅝	+3⅞
3Com	112304	32⅛	30⅝	31⅛	-1
MCI Wrld	103912	85⅝	82½	82½	-3½
SunMic	98342	102⅛	96⅛	97⅛	-5⅛
UnBnCal s	97443	32⅞	30⅛	31½	+1⅛
Oracle	90167	57 9/16	54 9/16	55⅛	-2½
TeleComA	86579	64⅝	62⅛	62⅜	-1
Altera	85239	54⅛	47⅝	48½	-6⅛

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	91957	124 7/16	122 9/16	123 9/16	-⅛
SP Tech n	23421	35⅛	33¾	34½	-1½
NamDir	14718	3⅛	2⅝	3⅛	+⅛
FAusPr	12493	6	5⅝	5⅞	-⅛
MoraGrp	9759	4⅝	4½	4⅛	+⅛
Softnet	7567	22⅞	18⅛	22⅛	+4⅛
ViacB	7557	88⅝	86⅛	88⅝	+1⅞
SP Mid	7426	67 9/16	66⅝	67 5/16	-⅛
Unilab	7262	2⅞	2⅝	2⅞	+⅛
IvaxCp	6920	14 5/16	13 9/16	14⅛	+⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1458	1062
Declined	1511	1966
Unchanged	566	537
Total issues	3535	3565
New Highs	78	13
New Lows	97	134

Nasdaq

	Noon	Prev.
Advanced	1436	1611
Declined	1968	2264
Unchanged	1417	1326
Total issues	4821	5201
New Highs	18	28
New Lows	61	82

AMEX

	Close	Prev.
Advanced	311	224
Declined	264	341
Unchanged	176	163
Total issues	751	728
New Highs	6	6
New Lows	10	30

Market Sales

	Today 4 P.M.	Prev. cons.
NYSE	762.85	891.57
Amex	30.22	41.04
Nasdaq	873.67	858.70

In millions.

Dividends

Company	Per	Amt	Rec	Pay
STOCK				
Potters Fincl	-	10%	3-10	3-29
STOCK SPLIT				
EMC Corp 2 for 1 split.				
Office Depot 3 for 2 split.				
INCREASED				
Allied Cap Corp n	-	.40	3-19	3-31
Hawkins Chem	S	.11	4-2	4-13
MMI Cos	Q	.09	3-31	4-15
Piedmont Nat Gas	Q	.345	3-25	4-15
SCPIE Hold	Q	.08	3-15	3-31
SNC-Lavalin Grp	Q	.06	3-12	3-26
Stewart Bnco OK	Q	.10	3-19	4-1
Whitney Holding	Q	.33	3-15	4-1
SPECIAL				
Hawkins Chemical	-	.04	4-2	4-13
REGULAR				
Aetna Inc	Q	.20	4-30	5-15
Albemarle Corp	Q	.10	3-15	4-1
Am Ntl Insur TX	Q	.69	3-5	3-19
Bond Fd of Amer	M	.0775	2-25	2-26
Centris Group	Q	.03	3-12	3-26
Champion Ind	Q	.05	3-12	3-29
Crown Am Rlty	Q	.20	3-8	3-19
Franco-Nevada g	A	.30	3-15	3-29
G&K Svcs A	Q	.0175	3-25	4-8
Gray Comm A	Q	.02	3-15	3-31
Hancock Hold	Q	.25	3-5	3-15
Hancock Pat PfDv	M	.072	3-8	3-31
Jannock Ltd g	Q	.125	3-15	4-1
Laclede Gas	Q	.335	3-11	4-1
Longs Drug Strs	Q	.14	3-9	4-9
Ntl Bk Cda g	Q	.17	3-25	5-1
Nth Telecom	Q	.075	3-8	3-31
Owens & Minor	Q	.05	3-15	3-31
PanCan Petrol g	Q	.10	3-15	3-31
Royal Host REIT g	M	.10	3-9	3-16
Sandy Spring	Q	.18	3-8	3-19
TX Pac Land	A	.40	3-8	3-15
Tandy Corp	Q	.10	4-1	4-20
TriNet Corp Rlty	Q	.65	3-31	4-15
USB Holding	Q	.06	3-31	4-15
Valmont Ind	Q	.065	3-26	4-15
Wstrk Eny Fd Ig	M	.055	3-10	3-20
Wstrk Eny Fd II g	M	.06	3-10	3-20

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semiannually.

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y - ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Friday, Feb. 26

	High	Low	Latest	Chge	OpInt
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Mar 99	207½	204	204½	-2¼	35,938
May 99	213¼	210	210¼	-2¾	136,774
Jul 99	219	215½	216	-3	99,883
Sep 99	227	224	224¼	-2	23,166
Dec 99	235¼	233½	233¾	-1¼	60,240
Mar 00	243¼	241	241	-1¼	7,023
May 00	247	245¼	245¼	-1	513
Est. sales N.A. Thu's sales 131,482					
Thu's open int 367,128, up 1,336					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Mar 99	122.30	120.00	121.50	+1.00	12,335
May 99	125.00	123.10	124.90	+0.90	47,631
Jul 99	128.00	126.20	127.50	+0.50	38,054
Aug 99	129.80	127.80	128.70	Unch.	10,206
Sep 99	131.00	129.30	130.00	-0.20	9,018
Oct 99	132.80	131.50	131.90	-0.10	3,950
Est. sales N.A. Thu's sales 40,473					
Thu's open int 131,952, up 1,207					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Mar 99	18.01	17.45	17.42	-0.37	8,832
May 99	18.30	17.79	17.86	-0.46	54,482
Jul 99	18.52	18.05	18.09	-0.49	31,428
Aug 99	18.79	18.22	18.24	-0.46	6,645
Sep 99	18.94	18.35	18.39	-0.48	6,591
Oct 99	18.95	18.49	18.49	-0.51	3,851
Est. sales N.A. Thu's sales 44,551					
Thu's open int 136,943, up 3,163					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Mar 99	457½	449	449¾	-4¼	12,948
May 99	465½	457	458	-3½	55,953
Jul 99	473	465½	466¼	-2¾	44,387
Aug 99	475¼	469½	469¼	-2¼	13,212
Sep 99	478	473	473¼	unch.	4,853
Est. sales N.A. Thu's sales 77,345					
Thu's open int 157,840, off 1,294					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Mar 99	242	236½	237¼	-1½	15,354
May 99	252	248	248½	-1¼	47,686
Jul 99	262	257½	259	-½	55,012
Sep 99	272	269	269½	-1¼	5,251
Est. sales N.A. Thu's sales 56,303					
Thu's open int 132,964, up 2,946					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Feb 99	65.87	64.95	65.10	-0.42	1,409
Apr 99	68.75	67.95	68.02	-0.48	54,672
Jun 99	66.20	65.55	65.60	-0.52	30,392
Aug 99	64.70	64.15	64.22	-0.35	14,985
Oct 99	66.25	65.75	65.82	-0.38	8,560
Dec 99	67.40	66.90	67.00	-0.20	2,829
Est. sales 14,925 Thu's sales 23,243					
Thu's open int 114,539, up 445					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Mar 99	74.70	74.10	74.17	-0.30	4,888
Apr 99	75.10	74.45	74.50	-0.20	4,137
May 99	75.00	74.60	74.85	-0.25	5,022
Aug 99	76.50	76.20	76.30	-0.15	2,670
Sep 99	76.15	75.92	76.07	+0.05	726
Oct 99	76.50	76.35	76.37	-0.13	802
Est. sales 1,638 Thu's sales 3,983					
Thu's open int 18,456, up 596					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Apr 99	43.90	42.80	43.00	-1.15	17,555
Jun 99	55.45	54.57	54.85	-0.57	9,745
Jul 99	56.15	55.45	56.07	-0.30	4,132
Aug 99	56.35	55.92	56.17	-0.40	3,807
Oct 99	55.30	55.00	55.10	-0.15	4,480
Est. sales 7,496 Thu's sales 9,777					
Thu's open int 42,200, up 1,044					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Mar 99	50.35	49.20	49.50	-1.05	1,990
May 99	52.55	51.25	51.42	-0.88	2,087
Jul 99	53.50	52.30	52.45	-1.55	783
Est. sales 1,720 Thu's sales 2,312					
Thu's open int 5,049, off 201					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Mar 99	1291	1266	1266	-20	1,064
May 99	1306	1277	1278	-18	35,119
Jul 99	1323	1301	1302	-18	11,584
Sep 99	1345	1327	1328	-19	5,971
Dec 99	1380	1365	1365	-20	6,971
Mar 00	1410	1403	1403	-19	6,287
Est. sales 4,819 Thu's sales 4,130					
Thu's open int 67,972, up 450					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Mar 99	104.25	101.75	102.70	-0.65	1,800
May 99	104.75	101.50	102.90	-0.85	22,537
Jul 99	106.05	103.25	104.05	-1.00	4,273
Sep 99	107.40	105.25	105.65	-0.85	3,551
Dec 99	108.50	107.00	107.40	-0.65	1,719
Est. sales 8,568 Thu's sales 7,278					
Thu's open int 36,484, off 68					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Mar 99	6.87	6.31	6.34	-0.53	11,797
May 99	6.37	6.11	6.26	-0.11	71,232
Jul 99	6.16	5.95	6.05	-0.09	41,609
Oct 99	6.47	6.27	6.36	-0.12	34,642
Est. sales 38,182 Thu's sales 34,746					
Thu's open int 169,759, off 7,043					

	High	Low	Latest	Chge	OpInt
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Mar 99	84.00	82.60	82.75	-2.25	3,285
May 99	82.00	80.50	80.95	-2.35	15,151
Jul 99	81.50	80.50	80.55	-2.05	4,747
Sep 99	81.40	80.80	81.00	-1.10	2,024
Est. sales N.A. Thu's sales 5,063					
Thu's open int 27,658, off 1,504					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Mar 99	288.30	286.90	287.50	-0.90	2
Apr 99	289.20	286.50	288.30	-0.90	107,080
Jun 99	292.00	288.50	290.10	-0.90	25,883
Aug 99	292.00	291.50	292.00	-1.00	6,888
Oct 99	293.90	292.60	293.90	-1.00	2,885
Dec 99	296.40	294.30	295.80	-1.00	13,341
Feb 00	297.50	297.10	297.10	-1.00	7,380
Apr 00			299.00	-1.00	1,120
Jun 00	300.90	300.00	300.90	-1.00	10,113
Est. sales 35,000 Thu's sales 26,767					
Thu's open int 192,104, off 1,266					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Mar 99	62.60	62.00	62.25	-0.10	12,079
Apr 99	63.00	62.65	62.85	-0.10	3,589
May 99	63.60	62.90	63.25	-0.15	37,946
Jun 99	63.90	63.45	63.60	-0.20	1,676
Jul 99	64.15	63.70	63.95	-0.20	8,760
Aug 99			64.30	-0.25	1,411
Sep 99	64.90	64.60	64.65	-0.25	4,742
Oct 99			64.95	-0.30	1,054
Nov 99	65.40	65.25	65.25	-0.30	957
Est. sales 15,000 Thu's sales 27,450					
Thu's open int 82,489, off 98					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Mar 99	566.0	546.5	563.5	+8.6	7,666
Apr 99			562.2	+6.5	1
May 99	564.0	546.0	563.0	+6.5	56,637
Jul 99	565.0	546.0	562.5	+6.8	16,384
Sep 99	560.0	548.0	560.0	+6.5	4,309
Dec 99	562.0	538.0	555.4	+5.9	8,270
Jan 00			555.1	+5.2	11
Mar 00	553.9	544.0	553.9	+5.9	1,768
Est. sales 26,000 Thu's sales 36,947					
Thu's open int 99,479, up 2,175					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Apr 99	382.50	377.30	381.70	+1.30	13,484
Jul 99	378.70	375.00	378.70	+1.30	2,789
Oct 99			377.20	+1.80	943
Jan 00			377.20	+1.80	4
Est. sales N.A. Thu's sales 1,890					
Thu's open int 17,220, off 89					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1174.00	1175.00	1173.00	1174.00
Forward	1191.00	1192.00	1193.00	1194.00
Copper Cathodes (High Grade)				
Spot	1378.00	1379.00	1377.00	1378.00
Forward	1402.00	1403.00	1400.00	1401.00
Lead				
Spot	522.00	523.00	526½	527½
Forward	520.00	521.00	523.00	524.00
Nickel				
Spot	4875.00	4885.00	4965.00	4975.00
Forward	4935.00	4940.00	5025.00	5030.00
Tin				
Spot	5395.00	5405.00	5466.00	5470.00
Forward	5325.00	5330.00	5395.00	5400.00
Zinc (Special High Grade)				
Spot	1051.00	1052.00	1030½	1031½
Forward	1059.00	1060.00	1040.00	1041.00

	High	Low	Close	Chge	Op Int
Financial					
US T BILLS (CMER) $1 million- pts of 100 pct.					
Mar 99	95.53	95.49	95.49	-0.04	2,324
Jun 99	95.48	95.48	95.48	-0.01	1,317
Est. sales 145 Thu's sales 866					
Thu's open int 3,641, up 153					
5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Mar 99	110-41	110-08	110-36	+ 13	124,168
Jun 99	111-10	110-46	110-62	+ 06	139,548
Sep 99			110-54	+ 06	7
Est. sales N.A. Thu's sales 185,445					
Thu's open int 263,723, up 6,303					
10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Mar 99	114-28	114-03	114-23	+ 09	284,751
Jun 99	114-29	114-06	114-24	+ 08	296,180
Sep 99	114-11	114-02	114-11	+ 09	1,041
Est. sales N.A. Thu's sales 429,647					
Thu's open int 581,972, up 14,743					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Mar 99	121-30	120-09	121-15	+ 21	322,790
Jun 99	121-13	119-26	120-31	+ 21	390,507
Sep 99	120-26	120-02	120-18	+ 22	8,829
Dec 99	120-00	119-30	120-00	+ 23	3,302
Est. sales N.A. Thu's sales 948,362					
Thu's open int 725,428, off 8,244					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Mar 99	116-40	115-65	116-25	—0.30	25,052
Jun 99	117.15	116.30	116.95	—0.26	68,403
Est. sales: 53,041. Prev. sales: 99,290					
Prev. open int.: 93,455 up 2,086					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Mar 99	N.A.	N.A.	112.71	—0.43	44,545
Est. sales: n.a. Prev. sales: 20,395					
Prev. open int.: 44,545 off 199					

	High	Low	Latest	Chge	OpInt
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Mar 99	95.03	95.02	95.02	Unch.	5,390
Apr 99	95.02	95.01	95.01	-0.01	3,792
May 99	95.00	94.98	94.99	-0.01	2,852
Est. sales 1,575 Thu's sales 1,366					
Thu's open int 12,428, off 28					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Mar 99	94.96	94.94	94.96	Unch.	450,298
Apr 99	94.92	94.91	94.91	-0.01	5,351
May 99			94.88	-0.01	1,619
Jun 99	94.84	94.79	94.81	-0.02	490,993
Jul 99			94.76	-0.02	393
Aug 99			94.70	-0.04	75
Sep 99	94.70	94.63	94.64	-0.04	463,548
Dec 99	94.29	94.22	94.25	-0.02	300,289
Mar 00	94.41	94.31	94.35	-0.01	281,728
Jun 00	94.35	94.25	94.29	-0.01	179,920
Sep 00	94.30	94.22	94.24	-0.01	144,391
Dec 00	94.19	94.13	94.14	-0.01	117,932
Est. sales 516,172 Thu's sales 782,990					
Thu's open int 3,193,346, up 62,717					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Mar 99	1.6060	1.5968	1.6012	-0.0022	67,021
Jun 99	1.6050	1.5966	1.6002	-0.0024	2,535
Sep 99	1.6020	1.6002	1.6002	-0.0026	230
Est. sales 5,907 Thu's sales 7,821					
Thu's open int 69,816, off 1,478					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Mar 99	.6639	.6607	.6621	-0.0003	67,350
Jun 99	.6638	.6607	.6622	-0.0003	6,017
Sep 99	.6635	.6615	.6625	-0.0003	1,300
Est. sales 6,474 Thu's sales 15,400					
Thu's open int 76,094, off 3,087					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Mar 99	.5652	.5605	.5638	-0.0013	55,615
Jun 99	.5668	.5637	.5666	-0.0013	2,270
Sep 99			.5698	-0.0012	167
Est. sales 12,961 Thu's sales 12,621					
Thu's open int 58,120, off 826					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Mar 99	.8455	.8281	.8416	+0.0041	80,516
Jun 99	.8559	.8360	.8519	+0.0042	6,572
Sep 99	.8650	.8627	.8627	+0.0044	1,532
Est. sales 29,090 Thu's sales 36,634					
Thu's open int 89,045, off 2,025					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Mar 99	.6964	.6893	.6922	-0.0040	54,468
Jun 99	.7012	.6960	.6987	-0.0040	5,225
Sep 99			.7053	-0.0040	304
Est. sales 13,707 Thu's sales 193,721,297					
Thu's open int 60,002, up 2,214					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Mar 99	.10070	.09930	.10027	+.00100	12,156
Jun 99	.09540	.09405	.09492	+.00105	6,186
Sep 99	.09040	.08960	.09035	+.00115	627
Est. sales 4,869 Thu's sales 3,412					
Thu's open int 19,945, up 452					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Mar 99	94.640	94.620	94.630	—0.010	184,064
Jun 99	94.850	94.800	94.825	—0.015	196,656
Sep 99	94.910	94.840	94.880	—0.040	189,457
Dec 99	94.680	94.610	94.650	—0.050	143,509
Mar 00	94.850	94.760	94.810	—0.070	138,571
Jun 00	94.840	94.740	94.775	—0.085	118,607
Sep 00	94.780	94.670	94.710	—0.100	73,703
Est. sales: 179,386. Prev. sales: 166,866					
Prev. open int.: 1,216,009 up 2,622					
3-MONTH EURIBOR (LIFFE) euro 1 million - pts of 100 pct					
Mar 99	96.945	96.935	96.940	—0.005	158,481
Jun 99	97.070	97.010	97.015	—0.055	147,044
Sep 99	97.100	97.020	97.025	—0.065	110,130
Dec 99	96.790	96.740	96.740	—0.065	87,016
Mar 00	96.925	96.880	96.885	—0.085	67,069
Jun 00	96.845	96.800	96.795	—0.085	43,939
Sep 00	96.750	96.695	96.700	—0.075	47,828
Est. sales: 211,931. Prev. sales: 187,665					
Prev. open int.: 746,071 up 16,627					
3-MONTH EURO LIBOR (LIFFE) euro 1 million - pts of 100 pct					
Mar 99	96.940	96.935	96.940	—0.005	119,384
Jun 99	97.040	97.030	97.015	—0.055	107,376
Sep 99	97.060	97.035	97.025	—0.065	93,964
Dec 99	96.755	96.735	96.740	—0.065	87,072
Mar 00	96.920	96.915	96.885	—0.085	84,917
Jun 00	96.805	96.805	96.795	—0.085	64,064
Sep 00	96.725	96.700	96.700	—0.075	42,434
Dec 00	N.T.	N.T.	96.520	-0.075	16,258
Mar 01	96.500	96.500	96.480	—0.070	15,044
Est. sales: 1,492. Prev. sales: 4,543					
Prev. open int.: 656,537 off 1,000					
3-MONTH SWISS FRANC (LIFFE) SF 1 million - pts of 100 pct					
Mar 99	98.720	98.690	98.700	—0.020	81,557
Jun 99	98.660	98.630	98.640	—0.020	80,595

	High	Low	Latest	Chge	OpInt
Sep 99	98.530	98.510	98.520	—0.020	38,323
Est. sales: 16,896. Prev. sales: 28,697					
Prev. open int.: 234,368 up 2,689					
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Mar 99	64.25	63.65	63.78	-0.45	2,205
May 99	59.47	57.58	57.69	-1.20	33,042
Jul 99	58.50	57.00	57.14	-1.02	16,723
Oct 99	58.40	57.85	57.85	-0.55	1,704
Dec 99	59.30	58.20	58.20	-0.79	15,967
Est. sales N.A. Thu's sales 7,428					
Thu's open int 72,796, off 343					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Mar 99	33.05	32.10	32.10	-0.85	9,137
Apr 99	33.35	32.25	32.45	-0.78	42,998
May 99	33.70	32.75	32.80	-0.93	17,298
Jun 99	34.30	33.20	33.42	-0.86	19,041
Jul 99	35.00	34.05	34.07	-0.86	12,475
Aug 99	35.75	34.82	34.82	-0.86	9,406
Sep 99			35.67	-0.86	6,193
Est. sales N.A. Thu's sales 46,600					
Thu's open int 159,398, off 1,235					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Apr 99	12.73	12.24	12.27	-0.41	122,948
May 99	12.83	12.38	12.40	-0.41	71,073
Jun 99	12.90	12.45	12.55	-0.36	49,378
Jul 99	13.00	12.57	12.58	-0.43	27,136
Aug 99	13.06	12.71	12.71	-0.39	19,841
Sep 99	13.20	12.90	12.90	-0.29	13,678
Est. sales N.A. Thu's sales 119,476					
Thu's open int 520,745, up 1,476					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Apr 99	1.670	1.625	1.625	-0.034	65,510
May 99	1.705	1.655	1.665	-0.029	20,223
Jun 99	1.745	1.690	1.690	-0.044	18,121
Jul 99	1.780	1.730	1.735	-0.039	16,812
Aug 99	1.825	1.785	1.785	-0.032	13,815
Sep 99	1.869	1.825	1.830	-0.029	15,088
Est. sales N.A. Thu's sales 66,238					
Thu's open int 275,618					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Mar 99	36.65	35.00	35.45	-0.58	7,411
Apr 99	39.30	37.85	37.98	-1.12	39,341
May 99	40.35	38.90	39.13	-1.02	19,327
Jun 99	41.15	39.80	40.03	-0.92	18,405
Jul 99	41.70	40.63	40.63	-0.92	16,266
Aug 99	41.95	41.03	41.03	-0.87	4,013
Sep 99	42.00	41.13	41.13	-0.87	3,694
Oct 99			40.43	-0.77	2,444
Est. sales N.A. Thu's sales 45,752					
Thu's open int 115,280, off 1,058					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Mar 99	101.25	100.00	100.25	— 1.25	25,864
Apr 99	101.00	100.00	100.25	— 1.25	24,482
May 99	101.75	101.00	101.00	— 1.25	13,809
Jun 99	103.75	102.50	102.50	— 1.00	12,886
Est. sales: 21,000. Prev. sales: 20,058					
Prev. open int.: 127,868 up 161					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Apr 99	11.10	10.74	11.10	— 0.22	60,397
May 99	11.28	10.94	11.00	— 0.27	48,719
Jun 99	11.41	11.13	11.18	— 0.27	38,477
July 99	11.56	11.25	11.32	— 0.28	16,286
Aug 99	11.69	11.47	11.46	— 0.28	4,057
Est. sales: 43,000. Prev. sales: 48,932					
Prev. open int.: 263,148 up 4,238					
Stock Indexes					
SP COMP INDEX (CMER) 250 x index					
Mar 99	1250.00	1227.10	1244.50	+3.00	356,435
Jun 99	1261.00	1240.00	1256.00	+2.40	43,971
Sep 99	1261.80	1256.00	1255.00	-10.40	2,910
Est. sales N.A. Thu's sales 153,299					
Thu's open int 406,703, up 552					
FTSE 100 (LIFFE) £25 per index point					
Mar 99	6223.0	6151.0	6158.0	—42.0	166,618
Jun 99	6251.0	6197.5	6197.5	—42.0	22,126
Sep 99	N.T	N.T	6242.0	—40.0	2,278
Est. sales: 23,870. Prev. sales: 29,778					
Prev. open int.: 192,022 off 1,325					

Prices from the Marche a Terme International de France were not available Friday due to problems at the source.

Commodity Indexes

	Close	Previous
Moody's	1,165.30	1,167.30
Reuters	1,422.80	1,432.60
D.J. Futures	74.49	75.21
CRB/Bridge Futures	182.95	184.74

Sources: Matif, Associated Press, Reuters, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange, Moody's.

FOR INVESTMENT INFORMATION
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INTEREST RATES

Friday, Feb. 26

Government Debt

	3-month	6-month	1-year	2-year	5-year	10-year
Britain	5.080	—	—	4.976	4.624	4.529
France	2.900	2.950	2.880	3.115	3.534	4.125
Germany	2.980	2.940	—	3.153	3.434	4.028
Italy	2.540	2.600	2.570	3.230	3.694	4.227
Japan	0.135	0.145	—	0.315	1.055	1.960
Spain	2.970	2.970	2.970	3.108	3.634	4.230

United States	3-month	1-year	2-year	5-year	10-year	30-year
Yield	4.66	4.85	5.14	5.22	5.29	5.57
Price	4.55	4.63	99-23	97-31	95-20	95-09

Source: Bloomberg.

Money Market Rates

United States	Today	Prev
Discount rate	4½	4½
Prime rate	7¾	7¾
Federal funds	4 13/16	4⅞
90-day Carts Deposit	4.94	4.93
180-day Com. Paper	4.82	4.85
Japan		
Discount rate	0.50	0.50
Call money	0.10	0.12
1-month interbank	0.60	0.60
3-month interbank	0.65	0.65
6-month interbank	0.67	0.67
Euro zone		
Repo rate	3.00	3.00
EONIA	3.11	3.13
Euribor 1-month	3.12	3.11
Euribor 3-month	3.10	3.09
Euribor 6-month	3.06	3.04
Euribor 12-month	3.07	3.04

Britain	Today	Prev
Base rate	5½	5½
Call money	5⅝	5⅝
1-month interbank	5⅛	5⅛
3-month interbank	5 5/16	5 5/16
6-month interbank	5⅛	5⅛

Sources: Bank of Tokyo-Mitsubishi, Reuters.

Libor Rates

	1-month	3-month	6-month	12-month
Dollar	4.9625	5.0263	5.1269	5.2938
Euro	3.12	3.0988	3.0563	3.0697
Sterling	5.6263	5.4616	5.3628	5.3503
Yen	0.2788	0.2744	0.2756	0.3013
Sw Franc	1.2433	1.2617	1.3067	1.445

Source: Reuters.

Gold Fixings

	Morning	Afternoon	Change
London	286.80	287.05	+ 0.60

U.S. dollars per ounce.
Source: Reuters.

Forward Rates

	30-day	60-day	90-day
Pound Sterling	1.5993	1.5979	1.5968
Canadian dollar	1.5116	1.5116	1.5117
Euro	1.1068		1.1104
Japanese yen	118.91	118.48	117.96
Swiss franc	1.4414	1.4376	1.4333

Source: Associated Press.

EUROPE

Telecom Italia May Buy Unit to Protect Itself

Bloomberg News

ROME — Telecom Italia SpA acknowledged Friday that it was considering a purchase of the rest of its cellular unit, lifting the parent company's value by 30 percent and making it more difficult for Olivetti SpA to finance a hostile takeover.

Buying the 40 percent it does not already own in Telecom Italia Mobile SpA would lift Telecom Italia's value by about $18 billion. Olivetti has offered $58 billion for the company, which wants to remain independent.

Telecom Italia's plans could be blocked if regulators rule it illegal under a new law that bars defensive measures by takeover targets. Telecom Italia is arguing that the rule should not apply because Olivetti has not placed a formal offer. The regulators have 15 days to decide.

"A merger with TIM would create trouble for Olivetti's raid," said Mirco Bettelini, who manages $6 billion at Gestiveneto in Verona.

In the largest-ever European takeover bid, Olivetti is bidding 10 euros ($11.04) a share in cash, stock and bonds for Telecom Italia. Telecom Italia shares fell 14.5 cents to 9.59 euros Friday. Olivetti rose 6 cents to 2.80 euros.

The Italian regulators would not say when they would announce a decision. Telecom Italia said it had not yet decided when the next board meeting would be held to discuss the merger plan.

Telecom Italia, the former national phone monopoly, said Olivetti's approach was riddled with "formal and substantial shortcomings," including the absence of a deadline for the bid and the explanation of how the bid's loan financing would affect Telecom Italia's debt and development prospects.

Telecom Italia said the board asked Franco Bernabe, its chief executive, to present a plan examining "synergies and the value creation" that would result from an "integration" of the company and its mobile subsidiary, Europe's largest cellular network.

Olivetti, whose market value is seven times smaller than Telecom Italia's, is financing most of its offer through debt, which would be repaid by stripping Telecom Italia of some assets, such as part of the mobile business. The bid was made through Olivetti's Tecnost SpA unit, which makes lottery betting machines.

Olivetti had first placed an offer Feb. 19, which was rejected by the stock market regulator Consob on Monday, partly because it was conditional on the sale of the company's existing phone units to Germany's Mannesmann AG. A contract for that sale was signed Wednesday, and Olivetti resubmitted the offer.

Olivetti's bid, in cash, Tecnost shares and Tecnost bonds, values Telecom Italia at a 10.5 percent premium above the Friday closing share price. If successful, the takeover would make Olivetti one of the world's top 10 telephone companies three years after it entered the business.

Philips Pursues VLSI to Broaden Chip Range

Bloomberg News

AMSTERDAM — Philips Electronics NV, the top European maker of semiconductors, said Friday that it had offered to buy the U.S. chipmaker VLSI Technology Inc. for $777 million, giving it a broader range of chips for its electronic consumer products.

Philips offered $17 in cash per outstanding VLSI share, a 58 percent premium over its Thursday closing price of $10.75.

VLSI, based in San Jose, California, would give Philips access to a range of technologies to improve its mobile phones, portable computers and new digital electronics products. Amsterdam-based Philips is seeking acquisitions to reinforce its main businesses as it sells unprofitable assets and cuts costs.

"This acquisition would help Philips as companies move to acquire more intellectual property to create more complex chips," said Douglas Smith of Salomon Smith Barney Inc.

Philips, loaded with cash from the sale of the music company PolyGram NV to Seagram Co. of Canada, said it would use VLSI to further expand in the United States. The VLSI purchase still leaves it with more than $5 billion in cash.

Cor Boonstra, president and chief executive, said in a statement, "With complementary products and almost no overlap, VLSI will be a platform for Philips Semiconductors' further expansion in the United States."

The bid for VLSI is also well-timed to help Philips take advantage of a rebound in the chip industry that is expected in the second half of this year, analysts said. "Good timing," said Nils Meyles of Friesland Bank Securities. "The market is starting to boom."

At VLSI, which makes specialized chips to order, profit fell 94 percent to $1.2 million in the third quarter, as efforts to cut costs helped it remain profitable. The company plans to reduce its work force by 10 percent by 2000 through cutbacks and attrition.

Philips shares closed on Friday at 63.50 euros ($70.12), down 25 cents.

Divestments Buoy Hoechst's Earnings

The Associated Press

FRANKFURT — Hoechst AG, the German chemical and pharmaceuticals giant, said Friday that net profit surged 41 percent in 1998 because of one-time gains while its operating results rose a more modest 9 percent.

The company said its profit rose to 969 million euros ($1.07 billion), while operating profit rose to 1.62 billion euros.

Hoechst said the rise in its net profit reflected a one-time gain of 660 million euros before taxes from divestment of operations.

TELEPHONES: *Competition in Europe Lowers Rates*

Continued from Page 9

the equivalent of 87 U.S. cents in Germany, 47 cents in France and only 29 cents in Finland.

That alone would have made Telekom a sitting duck. But the German government added to the pressure by forcing the company to charge relatively low prices for interconnecting with its network. That meant that rivals could lease lines at low prices and offer cheap service without building their own networks.

Not surprisingly, competitors flooded into Germany last year. The biggest was Mannesmann Arcor, a consortium led by Mannesmann AG, and Deutsche Bahn, the German national railway. Arcor has invested billions of dollars to build its own network, and executives do not expect the company to break even for several years.

Two other big industrial groups have built networks as well. One is O.tel.o, a consortium led by the industrial conglomerate VEBA AG. The third is Viag Interkom, led by the Bavarian power company VIAG AG and British Telecommunications PLC.

But the most successful and improbable competitor was Mr. Schmid's Mobilcom.

The plan was childishly simple. Mobilcom would lease lines from Deutsche Telekom. Customers would use his service by dialing a 5-digit access code, and they would get billed through Telekom.

But the real lure was pricing. Mobilcom would charge a flat rate of 19 pfennig a minute, around the clock— well below Telecom's peak-time rate of 52 pfennig a minute.

"Everybody else had planned for step-by-step decreases in telephone prices," Mr. Schmid said. "We thought, what would happen if we cut prices all at once by 70 percent?"

Consumers Help Bolster French GDP

Compiled by Our Staff From Dispatches

PARIS — The economy of France grew 3.2 percent last year, beating the government's 3.1 percent forecast, as a surge in consumer spending and investment more than offset a drag on growth from trade, the Finance Ministry said Friday.

The gross domestic product expanded a greater-than-expected 0.7 percent in the fourth quarter, compared with a gain of 0.4 percent in the third quarter. The unemployment rate fell to 11.4 percent in January from 11.5 in December, its lowest level since August 1995.

Economists said they were surprised by the vigor of the economy. The French report follows the release of strong growth figures for 1998 from Spain and the Netherlands and may lessen the urgency for a European rate cut, even though Italy and Germany remained less robust.

Economic growth in France was fueled by buoyant spending on products such as mobile phones, computers and cars.

The report showed that companies increased investment in factories and increased inventories, suggesting that they expect demand to continue this year.

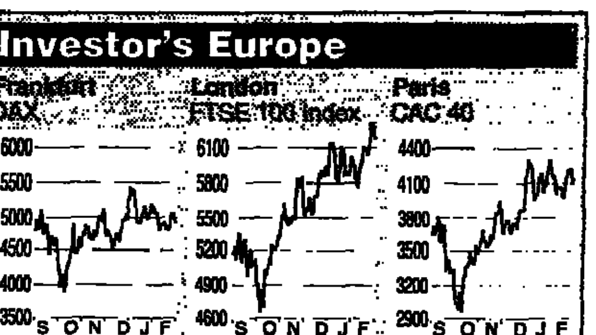
The public deficit fell to 2.9 percent of GDP in 1998 from 3 percent in 1997, the ministry said. The figure of 3 percent was required for initial participation in the single currency, the euro, in January.

"These numbers may strengthen the European Central Bank's resolve to keep interest rates on hold," said David Coleman, an economist at Canadian Imperial Bank of Commerce. France accounts for about a fifth of the economy in the euro zone.

While a report last week showed that the German economy shrank 0.4 percent in the fourth quarter, growth was buoyant in countries with which Europe's biggest economy does most of its trade. Apart from France, Germany's main trading partner, the Netherlands recorded economic grow of 1.2 percent in the quarter, while Spain posted an increase of 0.7 percent and Britain a 0.2 percent gain.

(Reuters, Bloomberg, AFP)

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	536.12	534.51	+0.30
Brussels	BEL-20	3,361.88	3,404.84	-1.26
Frankfurt	DAX	4,911.81	4,958.58	-0.94
Copenhagen	Stock Market	608.91	607.24	+0.28
Helsinki	HEX General	6,043.99	6,094.26	-0.82
Oslo	OBX	523.30	522.84	+0.09
London	FTSE 100	6,175.10	6,206.50	-0.51
Madrid	Stock Exchange	890.41	892.29	-0.21
Milan	MIBTEL	23999	24017	-0.07
Paris	CAC 40	4,092.94	4,152.56	-1.44
Stockholm	SX 16	4,112.82	4,121.34	-0.21
Vienna	ATX	1,172.76	1,176.12	-0.29
Zurich	SPI	4,470.42	4,487.86	-0.39

Source: Telekurs — International Herald Tribune

Very briefly:

- **Canal Plus SA** of France and **British Sky Broadcasting Group PLC** of Britain are in preliminary talks that could lead to some sort of link-up, according to the main Canal Plus shareholder, **Vivendi SA**, the French utility and telecommunications company.
- **Credit Lyonnais's** privatization arrangements will be published at the beginning of March after discussions with the European Commission, officials at the French Finance Ministry said. A French commission will then report on the proposals, after which conditions for the selection of shareholders will be announced.
- **Germany** has proposed a partial reprieve of duty-free sales at cross-border points that the European Union aims to abolish at the end of June. Chancellor Gerhard Schroeder proposed that value-added tax should be applied, as planned, from July 1 but that the exemption from excise duties should be allowed to continue for two and a half years.
- **Pathe SA**, France's biggest cinema operator, said 1998 profit fell a less-than-expected 3 percent to 31 million euros ($34.23 million) as losses at the French satellite television company CanalSatellite shrank and its film unit broke even.
- **Tele Danmark AS**, Denmark's No. 1 phone company, said 1998 profit from operations rose 17 percent to 3.14 billion kroner ($465 million) as a surge in foreign sales outweighed a decline at home.
- **Bayerische Motoren Werke AG** is in talks with the British government for financial assistance to revive its Rover division. BMW declined to comment on a report it is seeking at least $240 million.

AFP, AP, Bloomberg

WORLD STOCK MARKETS

Friday, Feb. 26
Prices in local currencies; In euros for EMU countries.
Telekurs

Amsterdam — AEX index: 536.12 Previous: 534.51 — www.aex.nl

	High	Low	Close	Prev.
ABN-AMRO	18.70	18.40	18.55	18.65
Aegon	96.15	94.70	95.10	95.50
Ahold	35.20	34.65	35.00	35.15
Akzo Nobel	34.70	32.95	34.55	33.60
ASM Litho.	39.40	36.65	37.45	40.60
ASR Verz.	71.50	70.10	70.10	71.60
Baan Co.	8.75	8.40	8.78	8.45
Buhrmann	17.10	16.75	17.05	16.80
Cap Gemini	54.10	53.35	53.85	54.15
CSM cva	47.80	46.80	47.80	47.00
Dordtsche Pet	35.40	34.70	35.10	35.10
DSM	79.00	77.10	79.00	78.40
Elsevier	14.90	14.55	14.80	14.75
Fortis NL	34.65	33.80	34.15	34.25
Getronics	40.25	37.50	39.75	39.30
Hagemeyer	28.95	27.40	28.18	29.05
Heineken	47.70	46.15	47.60	47.00
Hoogovens cva	27.70	27.40	27.45	27.90
Hunt Douglas	29.60	29.15	29.60	29.15
IHC Caland	30.55	29.40	29.40	30.70
ING	51.00	49.70	51.00	50.25
KLM	25.65	25.05	25.40	25.40
KPN	47.80	44.90	47.80	46.40
Nedlloyd	10.65	10.45	10.55	10.70
Numico	42.50	41.50	42.50	42.00
Oce	25.60	24.50	25.35	25.00
Philips Elec	64.08	62.80	63.50	63.75
Randstad Hdg	47.40	46.50	46.60	47.00
Robeco	111.00	110.30	110.65	109.75
Rodamco	21.50	21.10	21.55	21.20
Rolinco	94.85	94.60	94.85	94.90
Rorento	61.30	60.75	60.80	61.05
Royal Dutch	40.00	39.30	40.00	39.75
TNT Post Group	31.50	29.90	31.15	30.45
Unilever cva	67.35	64.55	65.70	67.45
Vendex	24.65	24.00	24.40	24.50
VNU	37.95	36.10	37.45	36.40
Wessanen cva	12.90	11.40	12.50	11.60
Wolters Kl cva	175.50	169.40	175.50	170.25

Athens — Composite index: 3277.58 Previous: 3369.43 — www.ase.gr

	High	Low	Close	Prev.
Commercial Bk	36300	34610	36000	35750
Ergo Bk	24300	23500	23800	23900
Hellenic Bottlg	9980	9655	9775	9820
Hellenic Telcom	8050	7580	7720	7940
Heracles Cemnt	7575	7200	7400	7500
Natl Bank	22150	21150	21440	21435
Titan Cement	22800	22005	22800	22150

Bangkok — SET index: 348.94 Previous: 332.67 — www.set.or.th

	High	Low	Close	Prev.
Adv Info Svc	246.00	236.00	246.00	238.00
Bangkok Bk F	64.00	62.00	63.00	62.50
BEC World	168.00	161.00	168.00	159.00
Delta Electron.	164.00	157.00	164.00	158.00
Elec. Gener. F	81.50	80.50	81.00	82.00
Krung Thai Bk	16.25	15.00	15.75	15.25
PTT Explor F	246.00	240.00	244.00	240.00
Siam Cement F	772.00	760.00	772.00	760.00
Telecomasia F	18.75	17.50	18.00	17.25
Thai Airways	51.00	49.00	49.00	49.50
Thai Farm Bk F	63.00	60.00	62.50	60.50

Bombay — Sensex 30 index: 3233.86 Previous: 3281.29 — www.bse-india.com

	High	Low	Close	Prev.
Bajaj Auto	496.50	480.00	481.00	495.50
Bharat Hvy El	245.30	235.20	235.60	242.00
Bharat Petm	216.30	208.00	209.60	209.50
Hindust Lever	1877.00	1825.25	1829.75	1875.00
Hindust Petm	214.00	204.00	207.00	203.00
Ind Dev Bk	31.00	30.25	30.95	30.90
ITC	798.00	774.00	775.00	799.25
Larsen Toubro	186.60	182.30	182.90	185.00
Mahanagar Tel	161.20	158.20	158.90	159.80
Reliance Ind	141.70	139.00	139.40	139.20
State Bk India	149.50	147.00	147.20	149.00
Tata Eng Loco	187.90	181.10	182.00	186.50

Brussels — BEL-20 index: 3361.88 Previous: 3404.84 — www.stockexchange.be

	High	Low	Close	Prev.
Almanij	71.95	70.30	70.95	71.70
Cobepa	66.05	64.05	64.10	66
Delhaize Lion	87.70	86.75	87.60	87
Dexia Belgium	139.50	137	138	138.30
Electrabel	385.90	375	380	384.50
Electrafina	108.90	107	108.40	107.50
Fortis B	33.50	32.82	33.15	33.28
GBL	172	169.20	170	171
KBC Bancassur	71	69.85	70.05	71.25
Petrofina	422.70	415.50	421.20	422.80
Royale Belge	335	335	335	369
Solvay	63.20	62.30	62.60	63.20
Tractebel	164.60	160.30	160.30	167.80
UCB	47.84	47.10	47.30	47.39

To Our Readers

Stock prices from Buenos Aires were not available Friday due to technical problems at the source.

Copenhagen — Stock index: 608.91 Previous: 607.24 — www.xcse.dk

	High	Low	Close	Prev.
Carlsberg B	315	300	315	310
Danisco	335	323	330	326
Den Danske Bk	780	750	750	780
D/S Svendborg B	61000	59000	61000	59500
D/S 1912 B	43000	41365	42500	41291.20
Kapital Hdg	335	331	332.50	335
Novo Nordisk B	780	755	777	767
Ratin B	1430	1400	1425	1418
Tele Danmk B	825.50	810	814	815
Unidanmark A	490	482	482	486

Frankfurt — DAX: 4911.81 Previous: 4958.58 — www.exchange.de

	High	Low	Close	Prev.
AMB R	122.00	120.00	121.00	123.00
Adidas	88.00	86.60	87.28	88.50
Allianz	280.00	270.00	276.10	279.00
Altana	60.00	58.20	58.20	58.05
Audi	835.00	825.00	835.00	830.00
Axa Colonia	88.00	81.60	81.00	85.00
Bk Berlin	13.90	13.75	13.85	13.80
BASF	31.70	31.05	31.55	31.40
Bayer	32.84	31.60	32.25	31.80
Bay Hyp Verbk	52.00	50.50	51.60	51.90
Beiersdorf	69.50	67.25	67.50	68.60
Bewag	19.85	19.50	19.85	19.70
BHW Holding	15.00	14.85	14.90	14.90
BMW	671.00	650.00	658.00	674.00
Commerzbank	25.90	25.55	25.60	25.70
DaimlerChrysler	87.50	84.70	85.15	87.65
Degussa-Huels	32.20	31.50	31.60	31.80
Deutsche Bank	48.15	47.10	47.55	48.05
Deut Telekom	42.00	39.70	41.80	41.75
Dresdner Bank	32.10	31.00	31.70	32.90
Energie BW	38.01	38.01	38.00	38.00
Ergo Vers.	122.50	120.50	121.50	119.50
Fresenius	135.00	135.00	135.00	140.00
Fresenius Med	53.50	53.00	53.10	53.50
Fr. Krupp Hoes	134.00	129.00	134.00	135.50
Gehe	51.70	50.50	51.80	51.50
Heidelbg Zmt	62.00	61.50	62.00	60.75
Henkel pfd	73.75	72.60	73.00	73.75
Hoechst	43.40	41.90	42.95	42.80
Karstadt	348.00	341.00	343.50	346.00
Lahmeyer	46.55	46.51	46.52	46.51
Linde	514.00	494.00	512.00	500.00
Lufthansa R.	20.30	19.55	20.05	19.60
MAN	254.50	243.00	248.40	251.00
Mannesmann	125.50	120.30	122.30	124.70
Metallgesellschaft	16.80	15.95	16.80	15.90
Metro	65.00	63.80	64.40	65.00
Munch Rueck R	189.00	182.40	183.80	186.00
Preussag	447.00	437.00	441.00	445.00
RWE	40.20	39.20	39.70	40.40
RWE-DEA	219.00	219.00	219.00	219.00
SAP	313.00	303.00	310.00	308.00
Schering	117.50	115.80	117.10	117.20
Siemens	58.00	56.30	57.50	58.80
Springer (Axel)	1010.00	1000.00	1010.00	1020.00
Thyssen	184.50	178.50	184.50	179.70
Veba	49.30	48.10	48.60	49.20
VEW	250.00	250.00	250.00	250.00
Viag	487.00	481.00	486.30	484.80
Volkswagen	60.20	58.80	58.90	60.20
Wuerttem. Vers.	125.00	123.50	124.00	125.00

Helsinki — HEX General index: 6043.99 Previous: 6094.26 — www.hse.fi

	High	Low	Close	Prev.
Cultor 2	8.20	8.10	8.20	8.00
Huhtamaki I	30.80	30.30	30.39	30.80
MeritaNordbanken	5.39	5.28	5.33	5.39
Metra B	17.20	16.50	17.00	16.60
Nokia A	127.00	123.50	124.60	126.60
Orion-Yhtymae	19.50	18.65	18.69	19.50
Outokumpu	8.11	7.90	7.99	8.00
Pohjola Ins. B	50.50	49.80	50.00	50.50
Raisio V	5.90	5.56	5.60	5.85
Sampo Ins. A	30.10	29.60	30.10	29.90
Stora Enso R	8.10	7.90	8.05	7.90
UPM Kymmene	23.80	23.65	23.65	23.90

Hong Kong — Hang Seng: 9858.49 Previous: 9658.87 — www.sehk.com.hk

	High	Low	Close	Prev.
Amoy Props	5.60	5.40	5.60	5.50
Asia China	5.60	5.45	5.50	5.50
Bk East Asia	10.90	10.60	10.90	10.55
Beijing Ent.	9.10	8.55	9.05	8.45
Cathay Pacific	8.80	8.45	8.65	8.50
Cheung Kong	53.25	51.75	52.75	51.25
CK Infrastruct	13.90	13.50	13.90	13.40
China Merchant	4.10	3.90	4.10	3.85
China O'seas	0.76	0.69	0.74	0.69
China Resource	10.15	9.40	10.15	9.25
CLP Holdings	36.40	36.20	36.50	36.20
Citic KaWah Bk	1.87	1.75	1.86	1.79
Citic Pacific	13.80	13.20	13.50	13.05
Cosco Pacific	3.20	2.90	3.17	2.90
Dao Heng Bk	21.20	20.30	21.10	20.60
Hang Lung Dev	7.65	7.45	7.45	7.55
Hang Seng Bk	63.75	61.75	63.00	62.00
Henderson Inv	4.53	4.38	4.38	4.42
Henderson Ld	33.90	33.20	33.70	32.90
HK China Gas	9.05	8.70	9.05	8.70
HK Electric	22.15	22.00	22.05	21.95
HK Telecomm	13.15	12.80	12.95	12.70
HSBC Hdgs	220.00	215.00	218.00	213.00
Hutchison Wh	54.50	53.25	53.75	52.75
Hysan Dev.	9.35	9.20	9.30	9.20
Johnson El Hdg	20.80	20.00	20.60	19.95
New World Dev.	14.50	13.85	14.30	13.85
New World Infr.	8.65	8.40	8.55	8.30
Shanghai Ind.	12.35	11.60	12.30	11.55
Shangri-La Asia	5.65	5.45	5.55	5.65
SHK Props	53.25	52.00	52.75	51.00
Sino Land Co.	3.83	3.70	3.73	3.70
Swire Pac A	32.00	31.30	31.60	31.30
Wharf Hdgs	9.15	8.90	8.95	8.80
Wheelock	4.78	4.63	4.78	4.63
Yue Yuen Ind.	11.10	11.05	11.10	11.20

Istanbul — National 100 index: 3890.83 Previous: 3748.48 — www.ise.org

	High	Low	Close	Prev.
Akbank	9900	9500	9600	9600
Anadolu Isuzu	13500	12500	13000	12250
Haci Omer Sab	8400	7900	8200	7800
KOC Holding	42000	39000	40500	39000
Tupras	23750	21500	22750	21500
Turk Hava	19750	18500	19250	18500
Turk Bankasi	13500	12750	13250	12500

Jakarta — Composite index: 394.09 Previous: 397.30 — www.jsx.co.id

	High	Low	Close	Prev.
Astra Intl	800	800	800	800
Gudang Garm	12300	12225	12300	12250
Indah Kiat	2100	2050	2100	2100
Indocement	3075	3025	3025	3100
Indofood	4750	4725	4725	4750
Indorama Syn	975	950	975	1000
Indosat	12200	11750	12200	11950
Sampoerna HM	6550	6250	6450	6400
Semen Gresik	9300	9250	9300	9125
Telekomunikasi	2800	2650	2750	2800
Texmaco Perk	2950	2950	2950	2950
Timah	5050	4950	4950	5025

Johannesburg — All Market: 5914.62 Previous: 5940.72 — www.jse.co.za

	High	Low	Close	Prev.
ABSA Group	27.75	26.70	27.00	28.00
AngloAm Corp	193.20	191.60	193.20	192.40
AngloAm Plat	102.00	99.40	101.80	100.00
Barlow	29.00	28.25	28.55	29.00
Bidvest Grp	48.00	47.40	47.80	47.50
Billiton	13.50	13.20	13.30	13.50
BOE	5.70	5.56	5.68	5.70
Comparex Hdgs	48.75	48.40	48.50	48.60
Coronation N	98.10	97.90	97.90	98.10
De Beers	107.20	106.00	106.80	106.40
Dimension Data	25.30	25.00	25.20	25.30
Fedsure Hdgs	50.10	49.50	49.80	50.30
FirstRand	6.65	6.47	6.55	6.64
Genbel Sec	30.25	29.50	30.00	30.50
Imperial Hdgs	42.50	41.00	42.50	41.40
Investec Hdgs	220.00	219.00	228.00	220.00
Johnnies Indl	29.20	28.95	29.10	29.20
Liberty Hdgs	230.00	224.00	225.00	229.00
Liberty Life	87.00	84.80	85.30	86.70
LibLife Strat	13.75	13.60	13.75	13.85
Met Life	10.25	9.95	10.10	10.30
Minorco	98.30	97.00	98.00	98.00
Nampak	11.95	11.80	11.85	11.85
Nedcor	126.00	122.80	125.40	126.00
Primedia Uts	12.35	12.00	12.10	12.10
Rembrandt Gp	41.00	40.55	40.50	40.55
Richemont	98.30	95.50	96.00	96.80
SA Breweries	93.00	89.00	90.00	93.70
Sasol	24.60	24.00	24.15	24.50
SBIC	17.70	17.35	17.60	17.70
Smith (C.G.)	14.75	14.50	14.75	14.60
Tiger Oats	53.20	52.90	53.20	53.10

Kuala Lumpur — Composite: 542.23 Previous: 549.24 — www.klse.com.my

	High	Low	Close	Prev.
Berjaya Sports	5.20	5.05	5.05	5.20
Genting	8.80	8.60	8.65	8.85
Golden Hope	3.80	3.68	3.80	3.78
KL Kepong	5.55	5.45	5.45	5.60
Magnum	2.01	1.96	1.96	2.01
Mal Banking	7.05	6.85	7.00	6.95
Mal Intl Ship F	5.10	4.96	4.96	4.98
Petronas Gas	8.30	8.20	8.25	8.30
Public Bk F	2.14	2.10	2.10	2.15
Resorts World	5.00	4.82	4.98	4.98
RHB Capital	2.46	2.40	2.44	2.48
Rothmans PM	22.00	21.80	21.90	21.90
Sime Darby	4.28	4.18	4.24	4.30
Telekom Mal	8.45	8.10	8.15	8.40
Tenaga	6.50	6.25	6.30	6.50
YTL	5.30	5.10	5.25	5.25
YTL Power	2.90	2.82	2.90	2.90

London — FT-SE 100: 6175.10 Previous: 6206.50 — www.stockex.co.uk

	High	Low	Close	Prev.
Abbey Natl	12.80	12.38	12.53	12.78
Alliance Leic	9.24	8.08	8.43	8.98
Allied Domecq	4.91	4.75	4.82	4.79
Allied Zurich	9.44	9.10	9.21	9.28
Amvescap	6.20	5.70	6.15	6.15
Anglian Water	8.00	7.20	7.31	7.44
ASDA Group	1.56	1.53	1.56	1.52
Assoc Br Foods	4.95	4.71	4.84	4.78
BAA	7.12	6.93	7.04	7.02
Bank Scotland	9.49	9.00	9.04	9.11
Barclays	17.71	14.00	16.66	17.19
Bass	8.80	8.38	8.67	8.42
BritAm Tobacco	5.78	5.65	5.70	5.63
BG	3.65	3.59	3.68	3.66
Billiton	1.38	1.35	1.35	1.35
Blue Circle	3.23	3.04	3.11	3.08
BOC Group	8.64	8.26	8.42	8.41
Boots	10.10	1.05	10.00	10.00
Britannic	12.18	11.95	12.00	12.12
Brit Aerosp	4.36	3.91	3.96	4.24
Brit Airways	4.73	4.40	4.61	4.62
Brit Energy	6.82	6.57	6.67	6.66
Brit Land	5.18	4.88	5.14	5.03
BP Amoco	8.95	8.56	8.85	8.84
Brit Steel	1.26	1.22	1.24	1.24
Brit Telecom	11.07	10.66	10.78	11.00
BSkyB	5.81	5.60	5.48	5.73
BTR Siebe	3.61	2.43	2.63	2.65
Burmah Castrol	8.15	8.02	8.15	8.05
Cable Wireless	8.63	8.35	8.54	8.56
CW Comms	7.38	7.20	7.39	7.38
Cadbury Schw	10.00	9.20	9.57	9.67
Carlton Comm	6.33	5.99	6.16	6.10
Centrica	1.19	1.14	1.16	1.17
CGU	9.66	9.18	9.20	9.63
Compass Group	7.95	7.49	7.71	7.71
Daily Mail A	33.50	32.24	33.50	32.25
Diageo	6.95	6.49	6.87	6.78
Dixons Group	11.85	11.40	11.74	11.82
EMAP	13.85	12.30	13.57	13.24
EMI Group	4.70	4.30	4.54	4.49
Enterprise Oil	2.72	2.52	2.69	2.51
Gallaher Group	4.55	4.25	4.43	4.20
GEC	5.14	4.90	4.98	5.13
GKN	8.65	8.30	8.44	8.37
Glaxo Wellcome	20.00	19.89	20.00	20.95
Granada Group	12.80	11.58	12.49	12.55
GRE	3.59	3.50	3.56	3.54
GUS	8.05	7.80	7.95	7.92
Halifax	7.82	7.63	7.70	7.82
Hays	6.15	5.79	6.02	6.11
HSBC Hdgs	18.07	17.37	17.82	17.40
HSBC Hdgs 75p	18.40	17.73	18.20	17.82
ICI	5.47	5.30	5.41	5.37
Impl Tobacco	7.83	7.16	7.32	7.27
Kingfisher	7.93	7.66	7.87	7.80
Ladbroke	2.93	2.88	2.90	2.91
Land Sec	8.14	7.95	8.11	8.01
Lasmo	1.22	1.14	1.20	1.12
Legal Genl Grp	8.23	7.59	7.80	8.30
Lloyds TSB Grp	9.36	8.91	8.95	9.27
Lucas Varity	2.84	2.82	2.84	2.84
Marks Spencer	4.28	0.04	4.17	4.15
MEPC	4.72	4.44	4.65	4.55
Misys	6.13	5.85	5.99	5.98
National Grid	4.55	4.47	4.51	4.51
National Power	5.29	4.52	4.96	5.15
NatWest	13.37	12.74	12.93	13.32
Next	7.38	6.75	7.25	6.96
Northern Rock	5.09	4.75	4.92	5.03
Norwich Union	4.60	4.45	4.51	4.51
Nycomed Amer	4.21	4.00	4.11	4.10
Orange	9.18	8.85	9.07	8.65
P&O	7.36	7.06	7.34	7.15
Pearson	13.79	13.54	13.72	13.69
PowerGen	7.85	7.58	7.63	7.77
Provident Fin	9.80	9.40	9.75	9.51
Prudential	8.88	8.21	8.45	8.64
Railtrack Group	15.60	14.63	15.52	14.53
Rank Group	2.44	2.30	2.38	2.29
Reckitt Colman	8.50	8.19	8.30	8.47
Reed Intl	6.13	5.96	6.01	6.14
Rentokil Initial	4.71	4.60	4.67	4.63
Reuters Group	8.75	8.55	8.71	8.79
Rio Tinto R	8.15	7.97	8.07	8.15
RMC Group	7.00	6.60	6.79	6.71
Rolls Royce	2.75	2.63	2.73	2.71
Royal Bk Scot	12.45	12.10	12.18	12.40
Royal & Sun All	5.37	5.19	5.24	5.30
Safeway	2.73	2.68	2.68	2.72
Sainsbury	6.31	3.54	3.60	3.54
Schroders	13.17	12.12	12.87	12.80
Scot Newcastle	6.93	6.72	6.86	6.94
Scot Power	5.99	5.70	5.83	5.83
Scot South Eny	5.92	5.76	5.79	5.76
SEMA Group	7.58	6.18	7.05	7.20
Severn Trent	9.17	8.82	8.94	9.17
Shell Transp R	3.50	3.33	3.47	3.38
SmithKline	9.15	8.71	8.79	9.00
Smiths Ind	9.62	9.23	9.54	9.55
Stand Charter	8.35	8.00	8.15	8.14
Sun Life Prov	5.05	4.84	4.91	4.88
Tate & Lyle	4.57	4.46	4.55	4.49
Tesco	1.78	1.72	1.77	1.75
Thames Water	10.60	9.82	10.11	10.42
3i Group	6.44	6.12	6.20	6.42
TI Group	3.95	3.60	3.88	3.70
Tomkins	2.33	2.18	2.27	2.23
Unilever	6.15	5.94	6.00	6.18
Utd News	6.64	6.36	6.44	6.62
Utd Utilities	8.17	7.81	7.92	8.11
Vodafone	11.62	11.43	11.53	11.71
Whitbread	9.13	8.66	8.97	9.04
Williams Hdgs	3.90	3.56	3.85	3.82
Wolseley	4.10	3.99	4.02	4.02
Woolwich	4.00	3.84	3.94	3.98
WPP Group	5.00	4.66	4.92	4.88
Zeneca	26.53	25.89	25.96	26.22

Madrid — Bolsa index: 890.41 Previous: 892.29 — www.bolsamadrid.es

	High	Low	Close	Prev.
Acciona	57.80	56.20	57.30	57.50
ACESA	13.13	12.88	12.92	13.17
Aguas Barcelon	56.80	56	56.80	56.70
Argentaria	21.94	21.50	21.80	21.94
BBV	13.60	13.30	13.49	13.54
Banesto	13.75	12.45	13.37	12.85
Bankinter	33.19	32.65	32.70	33.20
Bco Centro Hisp	10.97	10.75	10.87	10.97
Bco Popular	61.10	60.30	61.10	60.30
Bco Santander	18.25	17.93	18.10	18.26
Catalana Occid	21.56	21.35	21.35	21.35
CEPSA	33.85	33.08	33.80	33
Continente	27.24	26.15	26.15	27.04
Corp Mapfre	20.19	19.76	19.90	20
Endesa	24.32	23.59	24.14	23.82
FECSA	10.35	9.99	10.35	10.05
Fom Constr	64.40	63	64.60	64.05
Gas Natural	92.10	90.55	90.55	92
Iberdrola	14.30	14.15	14.25	14.30
Pryca	21.23	20.73	20.80	21.20
Repsol	48.90	47.63	47.90	48.20
Sevillana Electr	12.90	12.40	12.90	12.55
Tabacalera	20.44	20.02	20.44	20.22
Telefonica	42.25	41.60	41.60	42.25
Union Fenosa	15.54	15.13	15.49	15.37
Valenc Cement	11.35	11.30	11.30	11.35

Manila — PSE index: 1945.85 Previous: 1945.91 — www.pse.com.ph

	High	Low	Close	Prev.
Ayala	13.00	12.75	12.75	12.50
Ayala Land	11.75	11.50	11.50	11.75
Bk Philip Isl	91.50	90.00	91.50	90.00
Manila Elec A	91.50	91.00	91.50	91.50
Manila Elec B	122.00	120.00	121.00	122.00
Metro Bank	280.00	275.00	280.00	275.00
Petron	4.85	4.70	4.80	4.75
Phil Long Dist	905.00	890.00	905.00	895.00
San Miguel A	53.50	52.00	52.50	52.00
San Miguel B	64.50	62.00	64.00	62.00
SM Prime Hdg	7.50	7.40	7.50	7.40

Mexico — Bolsa index: 4255.56 Previous: 4293.86 — www.bmv.com.mx

	High	Low	Close	Prev.
Alfa A	24.85	24.05	24.05	25.00
Banacci B	15.70	15.20	15.26	15.50
Bancomer B	2.45	2.38	2.38	2.37
Bimbo A	19.88	19.70	19.70	19.88
Carso A1	34.50	33.35	33.35	34.40
Carso Gl Tel A1	42.85	42.30	42.40	42.90
Cemex CPO	29.50	28.80	28.80	29.00
Cifra C	13.30	12.54	12.58	12.90
Inbursa B	18.40	18.40	18.40	18.40
KimClark Mx A	30.60	29.60	30.45	30.80
Televisa CPO	141.00	138.00	138.40	138.00
TelMex L	28.60	28.05	28.30	28.45

Late trading

Milan — MIB Telematico: 23999.00 Previous: 24017.00 — www.borsaitalia.it

	High	Low	Close	Prev.
Alleanza Assic	9.94	9.75	9.76	9.85
Bca Comm Ital	5.78	5.64	5.69	5.75
Bca Fideuram	5.38	5.18	5.24	5.26
Bca Intesa	5.03	4.90	5.03	5.06
Bca PopVerona	93.90	92.85	93.15	94
Bca di Roma	1.34	1.31	1.32	1.33
Benetton	1.52	1.47	1.48	1.52
Compart	0.63	0.58	0.60	0.63
Edison	8.61	8.31	8.37	8.63
ENI	5.36	5.15	5.25	5.16
Fiat	2.79	2.71	2.74	2.70
Fondiaria Assic	4.40	4.21	4.24	4.24
Generali Assic	35.90	35.05	35.20	35.45
IFIL rnc	2.04	2	2.03	1.98
INA	2.25	2.11	2.21	2.08
Italgas	4.69	4.58	4.65	4.66
Mediaset	8.71	8.15	8.60	8.35
Mediobanca	10.50	10.20	10.35	10.25
Montedison	0.92	0.90	0.91	0.90
Olivetti	2.87	2.62	2.80	2.74
Parmalat	1.30	1.27	1.28	1.31
Pirelli	2.68	2.60	2.64	2.65
RAS	9.85	9.50	9.64	9.71
Rolo Banca	22.90	22.10	22.65	22.70
S Paolo-IMI	16	15.20	15.90	15.80
Telecom Italia	9.72	9.42	9.59	9.80
TIM	6.39	6.03	6.12	6.22
Unicredito Ital	4.79	4.55	4.79	4.59

Montreal — Industrials index: 3449.47 Previous: 3463.47 — www.me.org

	High	Low	Close	Prev.
BCE Mob Com	42.50	42.25	42.50	43.10
Biochem Pharm	37.75	36.40	36.85	36.60
Cdn Util A	47.85	47.75	47.85	47.85
CT Finl Svc	57.45	57.45	57.45	56.00
Gt-West Lifeco	30.25	29.00	30.00	29.00
Imasco	33.50	32.15	33.50	32.50
Investors Grp	22.30	21.85	21.85	21.55
Loblaw Cos	39.55	37.15	39.50	36.85
Natl Bk Canada	21.00	20.55	20.80	20.70
Power Corp	29.45	29.35	29.45	29.30
Power Finl	29.85	29.75	29.80	29.75

Late trading

Oslo — OBX index: 522.30 Previous: 522.84 — www.ose.no

	High	Low	Close	Prev.
Aker A	88.00	85.00	85.00	88.00
Aker Maritime	56.00	54.00	54.00	55.00
Bergesen Dy A	110.00	107.00	108.00	109.00
Christiania Bk	29.20	28.40	28.40	29.10
Den norske Bk	28.30	27.80	27.80	28.10
Kvaerner	154.50	151.50	154.50	153.00
Netcom	263.00	255.00	259.00	255.00
Norsk Hydro	270.00	265.00	268.50	265.00
Norske Skog A	240.00	235.50	235.50	239.00
Nycomed Amer	52.00	51.00	52.00	51.00
Orkla A	107.50	106.00	106.00	106.00
Petm GeoSvc	92.00	90.00	90.00	90.00
Saga Petm A	67.00	66.00	66.50	66.00
Schibsted	94.00	92.00	93.50	92.00
Storebrand	61.50	61.00	61.50	61.00

Paris — CAC-40: 4092.94 Previous: 4152.56 — www.bourse-de-paris.fr

	High	Low	Close	Prev.
Accor	218.60	211.50	212	221.30
AGF	51.50	50.60	51.50	51.40
Air Liquide	140.80	135	135.80	142.50
Alcatel	101.20	98	98	100
Alstom	24.90	24.20	24.90	24.80
Axa	121.40	118.50	118.80	120.40
BIC	50.25	47	47	50.70
BNP	72.95	71.20	72.70	73.55
Bouygues	236	226.50	226.50	239
Canal Plus	294.60	284.60	284.60	293.10
Cap Gemini	162.50	157.20	157.50	165
Carrefour	653.50	643.50	649	651.50
Casino	84.50	81.10	83.70	81.20
CCF	79.50	77.70	78.50	79
Christian Dior	108.30	104.70	104.70	107
Danone	228.50	225.50	226.90	229.20
Dassault Sys	37.90	36	36.10	38
Dexia France	124.70	122	122.50	122.60
Elf-Aquitaine	98	95	95	96.30
Eridania BS	132.80	128.60	132	129
Essilor Intl	356.80	347.10	348	354
Eurodisney	1.22	1.20	1.22	1.21
Eurotunnel	1.32	1.26	1.28	1.27
France Telecom	85.25	81.10	85.25	83.05
Lafarge	87.50	84	86.50	85.40
Lagardere	36.32	35	35	36.15
Legrand	194.70	187	187.10	195
L'Oreal	584.50	560	560	585
LVMH	200	194	194	198
Michelin B	40.60	39.10	40.60	40.50
Paribas A	80.30	77.20	78.50	78
Pechiney A	30.99	30.10	30.10	30.40
Pernod Ricard	55.90	53.65	53.90	55.90
Peugeot Cit	126.70	121.50	121.50	125
Pinault-Print	156.20	151.10	151.10	158
Promodes	598	580.50	580.50	593
Renault	44.21	41.91	42.50	44.60
Rexel	76	73.40	74.80	75.50
Rh-Poulenc A	42.38	41.66	41.75	42.20
Sanofi	167.80	160.20	160.30	167.50
Schneider	54.30	50.75	53.50	55
STMicroelec	86.10	81.15	81.15	84
Ste Generale A	135	131	133.70	131.10
Sodexho Allianc	153.50	148	149.20	150.10
St Gobain	145.90	138.30	141.60	140.20
Suez Lyon Eaux	188	181.40	182.10	189.50
Synthelabo	214	205.10	211	216.50
Thomson CSF	29	27	27	28.76
Total B	96.35	93.20	95	94.20
Usinor	11.58	10.60	11.18	11.51
Valeo	81	76.15	76.15	81.10
Vivendi	241.30	237.50	237.50	241.30

Prague — PX 50 index: 341.20 Previous: 347.30 — www.pse.cz

	High	Low	Close	Prev.
Ceska Sporitelna	89.39	86.98	86.98	88.65
CEZ	46	44.30	44.88	45.85
Ceska Plavba	57.50	52.50	57.30	51
Komercni Banka	298	290	294.10	296.90
SPT Telecom	394.90	389.10	389.30	394.10
Unipetrol	41.20	40.06	40.06	42.06

São Paulo — Bovespa index: 8851.05 Previous: 8674.30 — www.bovespa.com.br

	High	Low	Close	Prev.
Bco Brasil Pfd	8.25	8.05	8.15	8.04
Bradesco Pfd	8.35	8.15	8.22	8.30
Brahma Pfd	770.00	745.00	770.00	745.00
Cemig Pfd	26.80	26.30	26.50	26.20
CESP Pfd	23.00	22.00	22.80	22.00
Copel Pfd B	9.30	9.00	9.29	8.95
Eletrobras	27.10	26.50	26.80	26.50
Eletropaulo Pfd	34.50	33.50	33.71	33.50
Gerdau Pfd	14.00	13.91	14.00	13.85
Itaubanco Pfd	725.00	709.99	725.00	700.01
Light Servicios	106.00	102.00	105.00	98.00
Petrobras Pfd	160.00	153.00	159.00	155.00
SABESP	81.01	76.00	81.00	75.01
Telebras Pfd	0.30	0.26	0.30	0.26
Telerj Pfd	34.50	33.00	33.70	33.20
Telesp Pfd	191.00	185.00	188.00	185.00
CVRD Pfd	26.70	25.91	26.00	26.11

Late trading

Seoul — Composite index: 520.06 Previous: 499.14 — www.kse.or.kr

	High	Low	Close	Prev.
Daewoo Heavy	4150	4050	4120	4020
Hyundai Elec.	23500	21200	22800	21600
Kookmin Bank	8310	7700	8300	7600
Korea El Pwr	29000	28000	28900	27750
LG Electronics	12450	12050	12350	11850
LG Semicon	11800	10900	11400	10750
Pohang Iron St	54700	53100	53700	53000
Samsung Display	49700	47800	49500	47100
Samsung Elec	86700	84500	86200	84000
Samsung Fire	391000	385000	398000	380000
Shinhan Bank	7500	7100	7500	7090
SK Telecom	639000	620000	621000	615000

Markets Closed

The stock markets in Shenzhen and Tel Aviv were closed Friday for a holiday.

Singapore — Straits Times: 1411.91 Previous: 1410.22 — www.ses.com.sg

	High	Low	Close	Prev.
City Devlts	7.25	7.00	7.20	6.95
Cycle Carriage	6.45	6.15	6.30	6.30
Dairy Farm Int*	1.08	1.07	1.07	1.07
DBS foreign	12.80	12.50	12.50	12.70
DBS Land	2.17	2.13	2.13	2.13
Fraser & Neave	5.90	5.75	5.85	5.85
HK Land *	1.07	1.03	1.05	1.04
Jard Matheson *	2.71	2.61	2.62	2.68
Jard Strategic *	1.51	1.45	1.45	1.49
Keppel Corp.	4.08	3.98	4.00	4.04
OCBC foreign	11.90	11.50	11.50	11.90
OS Union Bk F	6.35	6.20	6.30	6.25
SembCorp Ind.	1.90	1.86	1.87	1.86
Sing Air foreign	12.90	12.40	12.70	12.40
Sing Land	3.46	3.38	3.40	3.44
Sing Press	20.60	19.60	19.60	19.90
Sing Tech Eng	1.48	1.47	1.48	1.47
Sing Telecomm	2.52	2.46	2.46	2.50
Utd O'Sea Bk F	10.20	10.00	10.10	9.95

*: in U.S. dollars.

Stockholm — SX 16 index: 4112.82 Previous: 4121.34 — www.xsse.se

	High	Low	Close	Prev.
AGA B	108.00	107.00	107.50	107.00
ABB A	95.00	92.50	93.00	93.50
ABB B	95.00	92.00	92.50	93.50
AssiDoman	149.00	143.00	149.00	144.00
Astra A	165.00	160.50	162.50	163.50
Astra B	165.00	160.50	162.00	163.50
Atlas Copco A	205.50	201.00	202.50	202.00
Electrolux B	160.00	154.50	155.50	159.50
Ericsson B	220.00	216.00	217.00	217.00
Forenings Spar	192.00	187.00	187.50	190.50
Hennes B	646.00	630.00	632.00	635.00
Incentive A	67.50	65.50	65.50	67.50
Investor B	338.00	329.00	333.50	334.50
NetCom Sys	315.00	304.00	313.00	307.00
Nordbanken Hdg	51.00	49.60	49.60	50.00
Pharm/Upjohn	437.00	430.50	432.50	433.00
Sandvik B	159.50	153.50	157.00	153.00
Scania B	213.50	211.50	213.00	211.00
SCA B	165.50	162.50	163.50	164.50
S-E Banken A	94.50	91.00	91.50	91.00
Skandia Fors	151.00	146.00	150.50	146.00
Skanska B	277.50	267.00	269.00	269.50
Sv Handels A	294.00	289.00	290.00	288.50
Volvo B	214.50	211.00	212.50	214.00

Sydney — All Ordinaries: 2879.90 Previous: 2904.80 — www.asx.com.au

	High	Low	Close	Prev.
Amcor	8.10	8.08	8.01	7.97
AMP	18.82	18.23	18.23	18.92
ANZ Bkng	10.48	10.30	10.40	10.30
Aust. Gas Light	11.05	10.56	10.56	10.80
BHP	12.50	12.09	12.09	12.36
Boral	2.34	2.31	2.32	2.32
Brambles Ind.	41.40	40.80	41.00	41.02
CBA	24.35	24.15	24.20	24.49
CC Amatil	6.50	6.34	6.34	6.50
Coles Myer	8.68	8.51	8.60	8.52
Colonial	6.14	5.93	6.09	6.15
Comalco	5.85	5.75	5.80	5.78
CSR	3.92	3.85	3.88	3.85
Fosters Brew	4.74	4.62	4.62	4.72
Gen. Prop. Tr.	2.72	2.70	2.70	2.71
Lend Lease	20.60	20.00	20.00	20.60
Nat Aust Bank	27.13	26.81	26.85	27.17
Nat Mutl Hdg	2.69	2.64	2.66	2.69
News Corp	11.48	11.25	11.30	11.22
Pioneer Intl	3.34	3.25	3.25	3.38
Pub Broadcast	9.03	8.91	8.95	9.00
Rio Tinto	20.74	20.13	20.13	20.70
St George Bank	10.20	10.08	10.13	10.20
Southcorp	6.40	6.19	6.20	6.17
Telstra	8.50	8.22	8.22	8.50
WMC	5.08	4.99	5.00	5.02
Westfield Trust	3.35	3.30	3.30	3.34
Westpac Bkng	10.98	10.65	10.65	10.87
Woodside Pet	7.87	7.72	7.87	7.77
Woolworths	5.25	5.12	5.25	5.19

Taipei — Stock Market Index: 6318.52 Previous: 6275.53 — www.tse.com.tw

	High	Low	Close	Prev.
Acer	37.40	36.60	37.10	37.10
Adv. Semi	68.00	66.00	68.00	67.00
Asustek Comp.	270.00	267.00	270.00	269.00
Cathay Life Ins.	109.50	108.00	109.50	109.50
Chang Hwa Bk	51.00	50.00	51.00	51.00
China Develpmt	54.00	53.00	53.50	54.00
China Steel	18.70	18.30	18.40	18.10
First Comm. Bk	55.50	54.00	55.50	55.50
Formosa Plastic	45.00	44.30	44.90	44.60
Hon Hai Prec.	160.00	155.00	160.00	154.00
Hua Nan Bk	58.50	57.00	58.50	58.50
Intl Comm. Bk	33.80	33.10	33.70	33.80
Nan Ya Plastics	42.10	41.40	41.80	41.80
Shin Kong Life	54.50	53.50	54.50	55.00
Taiwan Semi	89.00	86.50	88.50	87.50
Utd Micro Elec.	48.40	46.50	48.40	46.80
Utd World Chin.	34.50	33.80	34.50	34.50

Tokyo — Nikkei 225: 14367.54 Previous: 14470.45 — www.tse.or.jp

	High	Low	Close	Prev.
Acom	7230	7010	7010	7190
Advantest	9130	9010	9010	9070
Ajinomoto	1301	1269	1297	1274
All Nippon Air	348	339	345	343
Asahi Bank	530	510	520	530
Asahi Brew	1589	1570	1572	1593
Asahi Chem	570	550	569	561
Asahi Glass	793	769	789	768
Bk Tokyo Mitsu	1444	1420	1430	1430
Bridgestone	2670	2635	2655	2675
Canon	2640	2540	2540	2640
Cent. Japan Ry	6170a	6120a	6140a	6100a
Chubu Elec	2110	2080	2080	2100
Chugoku Elec	1890	1870	1870	1888
Dai Nippon Print	1680	1651	1651	1678
Dai-Ichi Kang	745	725	725	749
Daiwa House	1240	1210	1216	1245
Daiwa Sec	501	487	490	501
DDI	4180a	4100a	4170a	4130a
Denso	2080	2040	2060	2095
East Japan Ry	7140a	7010a	7140a	7060a
Eisai	2220	2180	2220	2220
Fanuc	4480	4400	4430	4480
Fuji Bank	475	463	467	475
Fuji Photo	4470	4360	4360	4410
Fuji TV Netwk	5020a	4980a	5020a	5000a
Fujitsu	1502	1480	1480	1487
Hachijuni Bk	989	966	971	976
Hitachi	764	742	750	756
Honda Motor	4630	4530	4570	4600
IBJ	599	585	593	590
Ito-Yokado	6970	6910	6920	7030
JAL	304	297	303	302
Japan Tobacco	1110a	1080a	1080a	1120a
Jusco	1956	1920	1921	1947
Kansai Elec	2305	2250	2260	2305
Kao	2390	2350	2370	2385
Kawa Steel	187	179	185	179
Keyence	14020	13800	13980	14000
Kinki Nipp Ry	630	626	626	630
Kirin Brewery	1440	1402	1405	1420
Komatsu	586	580	581	591
Kyocera	5900	5600	5600	5800
Kyushu Elec	1907	1890	1890	1900
Marui	1965	1932	1940	1980
Matsu Comm	6150	5790	6140	5910
Matsu Elec Ind	1989	1961	1985	1987
Matsu Elec Wk	1104	1080	1081	1100
Matsu-kotobuki	3270	3080	3220	3100
Minebea	1205	1174	1180	1224
Mitsubishi	649	628	640	654
Mitsubishi El	359	355	356	359
Mitsubishi Est	1218	1171	1171	1203
Mitsubishi Hvy	445	438	441	448
Mitsubishi Tr	1015	977	1008	987
Mitsui	651	640	646	650
Mitsui Marine	568	561	561	567
Mitsui Fudosn	965	941	951	974
Murata Mfg	5300	5300	5300	5300
NEC	1201	1187	1198	1190
Nichiei	8590	8290	8400	8610
Nikko Sec	384	371	375	365
Nintendo	10280	10130	10180	10190
Nipp Express	605	593	594	597
Nippon Oil	419	412	417	413
Nippon Paper	455	448	454	450
Nippon Steel	212	204	208	206
Nissan Motor	468	455	463	463
Nomura Sec	988	972	976	962
NTT	987b	973b	978b	970b
NTT Data	6950a	6770a	6850a	6760a
NTT DoCoMo	4820b	4770b	4820b	4800b
Oji Paper	595	585	586	592
Omron	1300	1250	1280	1260
Oriental Land	6130	6000	6110	6000
Orix	7710	7420	7420	7710
Osaka Gas	375	355	355	372
Promise	5430	5330	5400	5420
Ricoh	1065	1045	1048	1058
Rohm	11650	11650	11650	11700
Sakura Bk	266	258	258	260
Sankyo	2560	2525	2550	2540
Sanwa Bank	1249	1214	1215	1250
Sanyo Elec	342	332	335	342
Secom	9430	9210	9210	9460
Seibu Rwy	2450	2390	2390	2455
Sekisui House	1243	1215	1215	1235
Seven-Eleven	9020	8910	8910	8920
Sharp	1170	1151	1158	1148
Shin-etsu Ch	2815	2760	2780	2815
Shiseido	1450	1436	1440	1440
Shizuoka Bk	1429	1423	1429	1429
SMC	9600	9460	9600	9360
Softbank	8480	8320	8400	8270
Sony	9080	8960	8980	9090
Sony Music Ent	6380	6150	6340	6190
Sumitomo	605	596	596	608
Sumitomo Bk	1435	1417	1431	1421
Sumit Chem	435	430	431	435
Sumit Elec	1255	1245	1249	1257
Sumit Marine	670	661	661	678
Sumit Metal	121	117	119	117
Sumit Trust	378	373	374	375
Suzuki Motor	1355	1310	1310	1360
Taisho Pharm	3160	3120	3150	3150
Takeda Chem	4150	4070	4080	4050
Takefuji	8770	8600	8610	8670
TDK	8700	8500	8510	8620
Tohoku El Pwr	1839	1830	1831	1831
Tokai Bank	582	575	581	571
Tokio Marine	1300	1266	1270	1293
Tokyo El Pwr	2410	2395	2395	2395
Tokyo Electron	5440	5350	5400	5370
Tokyo Gas	278	276	278	276
Tokyu Corp.	290	286	287	290
Toppan Print	1410	1389	1389	1400
Toray Ind	523	518	519	520
Toshiba	739	728	736	740
Toyo Trust	325	309	309	325
Toyoda Loom	2030	2005	2005	2020
Toyota Motor	3130	3050	3100	3080
West Japan Ry	5090a	4950a	5030a	4960a
Yamanouchi	3710	3620	3620	3700
Yamato Transp.	1609	1575	1597	1588
Yasuda Fire	550	535	538	544

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6293.28 Previous: 6306.70 — www.tse.com

	High	Low	Close	Prev.
Abitibi Cons.	12.35	12.05	12.10	12.30
Alberta Energy	32.30	32.00	32.10	32.25
Alcan Alum	36.50	35.90	36.30	36.20
Ballard Pwr Sys	41.30	40.50	41.20	40.80
Bk Montreal	62.75	61.10	62.45	62.50
Bk Nova Scotia	31.20	30.10	31.15	31.00
Barrick Gold	27.10	26.40	26.50	27.00
BCE	61.75	60.50	60.95	60.90
BCT Telus	42.00	41.75	41.75	42.00
Bombardier B	22.25	21.35	22.00	21.50
CIBC	36.10	35.10	35.70	36.25
Cdn Natl Rail	73.60	72.40	72.45	72.95
Cdn Nat Res	21.25	20.30	20.90	21.50
Cdn Occid Pet	14.45	14.15	14.25	14.15
Cdn Pacific	28.00	27.10	27.15	28.15
Du Pont Cda A	46.25	45.60	46.25	46.25
EdperBrascan	18.75	18.15	18.25	18.55
Enbridge	71.75	70.00	70.55	71.15
Fairfax Finl	540.00	530.00	530.00	530.00
Falconbridge	16.80	16.30	16.65	16.80
Geac Computer	21.60	21.20	21.35	21.30
Imperial Oil	23.55	23.05	23.40	23.00
Inco	18.90	18.25	18.80	18.90
Laidlaw	11.65	11.10	11.60	11.30
Magna Intl A	91.30	89.00	90.00	91.10
Newbridge Net	38.25	35.55	36.90	38.20
Newcourt Credit	38.30	33.00	34.70	38.20
Noranda Inc	16.00	15.25	15.80	15.70
Nthern Telecom	89.90	86.80	88.50	89.05
Nova Chemicals	25.40	25.00	25.20	25.30
Pancdn Petlm	16.90	15.50	16.90	15.45
Petro Cda	16.20	15.40	16.00	16.25
Placer Dome	16.80	16.50	16.55	16.70
Potash Sask	87.75	85.25	85.25	84.55
Renaissance	13.35	12.50	13.10	13.20
Royal Bk Cda	74.00	72.00	72.80	73.20
Royal Grp Tech	39.40	38.60	38.80	39.25
Seagram Co	69.50	67.10	69.45	67.30
Shell Cda A	22.15	21.65	22.00	22.15
Suncor	44.50	42.65	43.85	43.55
Talisman Eny	24.25	23.00	23.75	23.75
Teleglobe	47.75	47.00	47.50	47.10
Thomson	37.85	36.55	37.40	37.95
TorDom Bank	62.35	61.40	61.95	61.85
Torstar	16.25	15.75	16.00	16.50
Transalta	24.00	23.05	24.00	23.75
TransCda Pipe	20.80	20.35	20.60	20.55
Trizec Hahn	29.60	29.00	29.25	29.60
Westcoast Eny	29.50	29.00	29.50	29.15
Weston	60.55	59.50	60.55	59.00

Late trading

Vienna — ATX Index: 1172.76 Previous: 1176.12 — www.wbag.at

	High	Low	Close	Prev.
Bank Austria	50	48.10	49	49.90
Bund. Vers.	54	54	54	52.29
Erste Bank	43.25	42.13	42.95	42.90
EVN	121.80	116.30	120	120.35
Generali Hdg	201.95	198	201.50	201.40
OMV	84	80.80	84	83.59
Oest Elektriz	146.90	144.20	146	145.40
VA Tech	71.50	68.52	70.50	70.98
Wienerberg Bau	181	176	180	179.40

Wellington — NZSE-40 Index: 2198.88 Previous: 2198.35 — www.nzse.co.nz

	High	Low	Close	Prev.
Air N Zeald B	3.22	3.16	3.16	3.20
Brierly Invt	0.44	0.43	0.44	0.45
Carter Holt ord	1.75	1.72	1.75	1.74
Fletch Ch Bldg	2.95	2.90	2.95	2.91
Fletch Ch Eny	3.33	3.23	3.32	3.28
Fletch Ch Paper	1.33	1.31	1.32	1.32
Indep. News	8.40	8.38	8.38	8.45
Lion Nathan	4.60	4.50	4.59	4.50
Sky Network	3.36	3.29	3.29	3.32
Telecom NZ	9.75	9.50	9.70	9.54

Zurich — SPI index: 4470.42 Previous: 4487.86 — www.bourse.ch

	High	Low	Close	Prev.
ABB B	1784	1756	1770	1775
ABB R	357.50	352	352	355
Adecco	760	745	760	760
Alusuisse R	1630	1605	1611	1611
Ares-Serono B	2465	2380	2390	2400
Baer Hdg B	4535	4390	4401	4390
Baloise Hdg R	1272	1247	1255	1265
BK Vision	274	268	271	271
CibaSpec Chem	108	99.50	108	104.75
Clariant R	700	684	689	699
Crd Suisse R	226	223.50	225	224.75
Ems-Chemie	7600	7305	7400	7550
Holderbank B	1530	1495	1508	1523
Liechtenst LB B	908	897	902	910
Nestle R	2763	2730	2735	2748
Novartis B	2595	2540	2540	2570
Novartis R	2583	2537	2542	2569
Oerlikn Buehr R	174.50	170	172.75	170
PharmVisn B	1025	1010	1017	1005
Pirelli R	345	320	345	340
Richemont A	2275	2100	2190	2245
Rieter Hdgs	855	848	848	850
Roche Hdg PC	18480	18310	18350	18350
SAir Group R	316.50	309.50	312	316
Saurer R	676	660	670	663
Schindler PC	2350	2245	2350	2260
SGS B	1159	1090	1090	1135
Sulzer R	858	842	855	854
Sulzer Medic R	240.25	237	240	241
Swatch Group B	924	888	920	870
Swatch Group R	199.50	195	199.25	192
Swiss Life B	929	890	905	917
Swiss Reins R	3310	3245	3245	3285
UBS R	458.50	450.50	451	454
UBS SIMA	297	295.50	297	295.50
Zurich Allied R	983	957	962	976

Pan-European Indexes

	Last	Prev.	% Change	12-mth High	12-mth Low
Europe-wide indexes					
FTSE Eurotop 100	2,804.45	2,824.47	−0.71	3,079.27	2,018.15
MSCI Europe	1,212.84	1,231.19	−1.49	1,316.56	907.29
Stoxx 50	3,456.85	3,475.89	−0.55	3,659.22	2,402.36
EMU-bloc indexes					
FTSE Eurobloc 100	1,006.77	1,012.64	−0.58	1,120.39	732.31
MSCI EMU	180.88	183.69	−1.53	201.67	134.38
Euro Stoxx 50	3,484.24	3,496.27	−0.34	3,687.20	2,388.42

MSCI indexes are from previous trading day.
Source: Bloomberg.

NYSE

Friday's 4 P.M. Close

The 2,300 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		A-B-C								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		D-E-F								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		G-H-I								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		J-K-L								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		M-N-O								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		P-Q-R								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		S-T-U								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div	Yld	PE	Sls 100s	High	Low	Latest	Chge
		V-W-X-Y-Z								
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 14

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Singapore Bars New Stimulus

Agence France-Presse

SINGAPORE — Singapore announced its 1999 budget Friday, which contained the highest development spending package ever, but ruled out new stimulus spending for the recession-hit economy.

Defense spending took up the largest portion of the budget, which included a rare deficit budget and totaled 29.2 billion Singapore dollars ($16.9 billion).

The budget doubled personal tax rebates and maintained commercial and industrial property tax breaks to help citizens and businesses tide over the difficult period.

A series of incentives was included to deepen Singapore's capital market, attract multinational corporations to set up global operational headquarters here and bolster retraining programs.

But Finance Minister Richard Hu, presenting the budget in Parliament, ruled out major new measures to cut business costs, saying a cost-reduction package announced in November, worth an estimated 10.5 billion Singapore dollars and topped by sweeping wage cuts, should be given time to take effect.

Mr. Hu warned that 1999 could prove to be another difficult year for Singapore despite positive signs, including a rebound in the crucial electronics industry.

He said the government could not afford to be "overly sanguine" about the island's economic prospects. "If things should take a turn for the worse, the government has the accumulated financial resources to cope with the crisis," Mr. Hue said.

Many of the cost-cutting measures came into effect only Jan. 1, and Mr. Hu said it was still too early to assess their impact.

"Hence, this budget will not contain any additional major new cost-cutting initiatives although it will not neglect appropriate rebates to individuals, which had not been included in the November package," he said.

Apart from pay and pension fund cuts, the earlier cost-cutting moves included lower utility, transport and rental costs.

The total budget is up 5.6 percent from the previous budget largely due to higher development spending, which will take up 13.9 billion dollars, the island's highest such spending package to date.

Don't Postpone Reforms, IMF Warns Asians

Compiled by Our Staff From Dispatches

MANILA — The International Monetary Fund warned Friday that improving economies might tempt Asian countries to put off reforms aimed at strengthening their banks and trimming corporate debt, leaving them open to more shocks.

"It's possible that there could be backsliding on corporate restructuring, possibly in Korea," said Stanley Fischer, the first deputy managing director of the Fund. "If we go back into a state of irrational exuberance or euphoria, it could have the effect of reducing the reform impetus."

He said that the IMF, which has furnished multibillion-dollar aid packages for South Korea, Thailand, Indonesia and the Philippines, would put pressure on governments to keep up the momentum of reform, and he called on investors to do the same.

"As the economy improves, the consequences will not be very serious or very devastating in the short run," Mr. Fischer said at an Asia Society conference in Manila. "It's the fact that you will not have removed an underlying source of vulnerability that will be the worrying feature."

Erik de Castro/Reuters

Stanley Fischer addressing the Asia Society on Friday in Manila.

The IMF has predicted that several Asian countries will emerge from recession this year. It is forecasting economic growth of 2 percent for South Korea and 1 percent for Thailand.

Such a recovery may make it harder for policymakers to push for painful changes. "If there is an area in which there's concern about the reform strategies of the countries that have IMF programs, it is in the slow pace of financial sector and corporate restructuring," Mr. Fischer said.

While acknowledging that "quite a lot has been done" in the Philippines, South Korea, Thailand and Indonesia in improving the way their banking systems operate, less progress has been made in dealing with companies' crushing debts, he said.

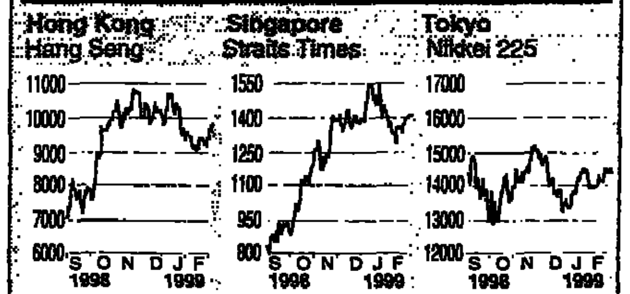
"We, in our programs, will be putting a very heavy stress on the continued strengthening of financial sector restructuring and on an acceleration of corporate restructuring and corporate debt restructuring," Mr. Fischer continued.

While he said that Asian countries would emerge from the crisis in better shape, one consequence may be more countries' giving up the right to issue their own money. Argentina has been studying abandoning its peso and adopting the U.S. dollar as its own currency, while a private group in Mexico is advocating the same.

"That may be the wave of the future," Mr. Fisher said. "There is probably a tendency ongoing toward having fewer currencies in the world."

Earlier, the president of the Asian Development Bank, Tadao Chino, urged global financial institutions to better help alleviate the effects of the crisis. *(Bloomberg, AFP)*

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,858.49	9,658.07	+2.08
Singapore	Straits Times	1,411.91	1,410.22	+0.12
Sydney	All Ordinaries	2,879.90	2,904.80	-0.86
Tokyo	Nikkei 225	14,367.54	14,470.45	-0.71
Kuala Lumpur	Composite	542.23	549.24	-1.28
Bangkok	SET	340.94	332.67	+2.49
Seoul	Composite Index	520.06	499.14	+4.19
Taipei	Stock Market Index	6,318.52	6,275.53	+0.69
Manila	PSE	1,965.05	1,945.91	+0.98
Jakarta	Composite Index	396.09	397.80	-0.43
Wellington	NZSE-40	2,198.88	2,190.35	+0.39
Bombay	Sensitive Index	3,233.86	3,281.29	-1.45

Source: Telekurs

International Herald Tribune

S&P Urges Taipei to Allow Weak Banks to Fail

Reuters

TAIPEI — Taiwan must streamline its overcrowded banking sector and allow its troubled banks to fail, Standard & Poor's Corp. said Friday.

The credit-rating agency criticized Taiwan's practice of bailing out financial institutions to prevent them from failing. "Banking institutions can and shall fail," said Xavier Chavee, who oversees financial institution ratings at S&P's partner, Taiwan Ratings Corp.

But S&P insisted it was "comfortable" with its current ratings for banks in Taiwan. Its rival, Moody's Investors Service Inc., downgraded the ratings of 10 Taiwan banks in November, including the recently privatized "big three" commercial banks, on the grounds that Asia's financial crisis was magnifying the structural weaknesses in the sector.

Mr. Chavee said allowing banks to fail would help correct the glut of financial institutions in Taiwan.

"You are not sending out the right signal by saving every single problem financial institution," he said. "Some failures may be good."

Mr. Chavee and other experts say the 40 local banks and more than 40 foreign banks in Taiwan are excessive for a population of 21 million. Most worrying in terms of credit quality, analysts say, are the more than 300 rural credit cooperatives, few of which have strong management.

Mr. Chavee said the glut of banks had created an environment where competition is as fierce as profits are low. Average profitability for banks in Taiwan is below 1 percent, compared with 1 percent to 2 percent for banks in other countries.

"As long as the government is willing to help out institutions or to make sure that there is a smooth transition, there is not a lot of incentive for bankers to do a better job, to be more aware of the risks," Mr. Chavee said.

Though Taipei officials have called for banking mergers and consolidation, they have repeatedly prevented the collapse of financial institutions, fearing failures would crush public confidence and rattle the hypersensitive financial markets.

In November, the government ordered a state-led consortium to take over Taichung Business Bank after firing the small regional bank's chairman and board of directors for their loose credit standards.

It has orchestrated similar takeovers of financially distressed Central Bills Finance and Hung Fu Bills Finance.

Very briefly:

- **Indonesia** delayed closing up to 40 banks for two weeks as the government struggled to decide how many of the country's 200 lenders should be shuttered. The liquidation, which had been set for Saturday, is part of a plan to revitalize the ailing banking industry.
- **Caltex Australia Ltd.**, Australia's largest oil refiner and retailer, dropped plans to merge its refining operations with the Australian unit of **BP Amoco PLC** after the companies failed to agree on how to combine their refineries.
- **Mitsui Trust & Banking Co. Ltd.** and **Chuo Trust & Banking Co. Ltd.** raised their loss forecasts as the two Japanese trust banks write off billions of dollars in bad loans before they merge. Mitsui will write off 390 billion yen ($3.26 billion) in bad loans in the year ending March 31, up 20 billion yen from its earlier estimate, and Chuo Trust will write off 104 billion yen in the same year, up from 80 billion yen forecast earlier.
- **Hutchison Whampoa Ltd.**, the Hong Kong-based conglomerate, has sold 4.2 percent of its majority stake in the British mobile telephone operator Orange PLC for 5.28 billion Hong Kong dollars ($681.4 million).
- **Taiwan's** jobless rate fell to 2.97 percent in January, slipping from December's 13-year high, as economic growth remained strong enough to avoid the skyrocketing unemployment seen in most of Taiwan's neighbors.
- **Sistem Televisyen Malaysia Bhd.**, Malaysia's biggest private television station, may sell new stock and debt as it looks to raise funds to avert a default on about 522 million ringgit ($137.4 million) in loans.
- **Philippine Long Distance Telephone Co.**, the country's largest phone company, swung to a fourth-quarter loss of 5.9 billion pesos ($151.1 million) as it increased provisions for unpaid bills.
- **Salomon Smith Barney**, the securities arm of **Citigroup Inc.**, and **Nikko Securities Co.**, Japan's No. 3 brokerage, launched an investment banking venture after a one-month delay because of procedural problems. *Bloomberg, AFP*

Beijing Predicts Slower Growth Amid Economic Troubles

Compiled by Our Staff From Dispatches

BEIJING — China is bracing for a slower economic growth rate in 1999 as troubles at home and abroad take their toll on gross domestic product, officials said Friday.

"Looking at both the positive and negative economic situation," said Liu Hong, director of the State Statistics Bureau, "we think that GDP growth for 1999 will be lower than in 1998 but will still be kept at a fairly high level."

China recorded 7.8 percent economic growth in 1998, with the final calculation for GDP coming in at 7.96 trillion yuan ($961.5 billion).

Mr. Liu warned that the grinding Asian economic crisis, Russia's financial crisis and the devaluation of the Brazilian real would have a negative effect on exports through 1999.

Domestically, the debt-ridden and poorly managed state sector is expected to continue to drag down consumption.

"As a result of expected declines in income," Mr. Liu said, "we cannot see any sign of significant growth in consumption."

But Beijing's massive infrastructure investment plan — which contributed 4.8 percentage points to GDP in 1998 — will continue to lift growth, Mr. Liu added.

Industrial output rose 8.9 percent in 1998, down from the 11.1 percent growth rate in 1997, the statistics bureau said. *(AFP, Reuters)*

Demand in West Lifts Bridgestone Net to a Record

Compiled by Our Staff From Dispatches

TOKYO — Bridgestone Corp., the world's largest tiremaker by revenue, said Friday its net profit in 1998 nearly tripled to a record on strong demand in the United States and Europe, lower prices for raw materials and a weaker yen.

The company, which makes tires for vehicles ranging from passenger cars to jumbo jets, said net profit surged 167 percent, to 104.6 billion yen ($859.1 million), in the year that ended Dec. 31.

Group pretax profit rose 3.9 percent, to a record 187.4 billion yen, while sales grew 3 percent, to a record 2.24 trillion yen.

Improved brand awareness in the U.S. and Europe fueled sales and enabled Bridgestone to raise prices, analysts said.

But the tiremaker was cautious about its prospects in the current year because of an expected slowdown in Europe and the United States as well as the unrelenting recession in Japan.

Analysts said that the recent alliance between Goodyear Rubber & Tire Co. and Sumitomo Rubber Industries Ltd. could pose a major new challenge to Bridgestone's current command of more than 18 percent of the global market. *(Bloomberg, AFP, Reuters)*

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Herald INTERNATIONAL Tribune

THE MONEY REPORT

SATURDAY-SUNDAY, FEBRUARY 27-28, 1999
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MONDAY: SPORTS

E-mail address: moneyrep@iht.com

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Looking Up All the Way Down: Is Oil Finally Ripe for a Rebound?

By Conrad de Aenlle

YOU KNOW a powerful trend is in force in a market when even the U.S. government can buy low and sell high. That is what will be accomplished through the recently announced purchase of 28 million barrels of crude oil to replenish the U.S. Strategic Petroleum Reserve after an equal amount was sold beginning in 1995.

The oil was sold gradually at an average price of nearly $20 a barrel. If the new supplies, which will be acquired over the course of several months, are bought at today's prices of $11 to $12, taxpayers will realize a net gain of more than $200 million, nearly a dollar for every citizen.

Except for occasional sharp but fleeting upward jolts, such as when Iraq invaded Kuwait in 1990, the price of crude has fallen relentlessly since the early 1980s. It is priced near multidecade lows of just under $10 a barrel for light sweet crude, the predominant American grade, and about $9 for North Sea Brent, the benchmark in Europe.

Some producers can turn profits at those prices, but others cannot. Because of the economics of oil — rising prices encourage exploration and production, adding supply and bringing prices back down, and lower prices have the opposite effect — there is a "natural trading range" of $13 to $18 a barrel for North Sea oil, said Peter Gignoux, manager of the petroleum desk at Salomon Smith Barney Inc. in London.

So why are sellers in the market willing to commit the unnatural act of accepting a smidgen more than $10 a barrel? Because a number of factors have conspired to keep the supply of oil high and the demand low.

Over the last few years, economic growth in much of the world has slowed. Asia's normally ravenous appetite for oil has been drastically curtailed by the depression in its manufacturing industries that began in the summer of 1997. Then, as Asia's malaise was deepening late that year, the Organization of Petroleum Exporting Countries made a serious miscalculation and voted to increase production by 10 percent. The result was a nearly 50 percent fall in prices.

"OPEC is a bugbear in the market," Mr. Gignoux said. "There is a broad, deep perception that OPEC can't mind its shop and keep to its quotas."

There are also hints that Saudi Arabia, the world's largest producer, is deliberately pumping out enough oil to depress prices in an effort to drive away weaker rivals, so that, in the long run, prices will rise again as output falls.

"Maybe the Saudis are engaged in a war of attrition to knock out higher-cost producers," one trader said, noting that the decline in prices had cost the cartel, which owns 40 percent of the world market, $64.5 billion in revenues last year, compared with 1997.

With too much oil and not enough demand for it, inventories are building. Oil analysts at Lehman Brothers argue that prices will remain soft until existing stocks, which have risen nearly 10 percent in the last three years among developed economies, to just over four billion barrels, are drawn down.

"Until the current large overhang in inventories is brought down to more normal levels," they say, "oil prices will remain weak."

A decline in inventories sufficient to prop up prices should occur in the second half, they predict, assuming that OPEC members agree to further output cuts in March.

If the cuts are made, Lehman said, the price of Brent could swiftly rise to $14. If they are not, and if oil demand remains weak, Brent could slip to $8.

While cutting production makes obvious sense, counting on OPEC to do the sensible thing can cause financial ruin.

John Wright, an oil analyst in London at Merrill Lynch & Co., advised investors not to bet on it.

"I think it's very unlikely we'll see additional cutbacks," he said, noting that compliance with existing quotas is slipping, with Iran and Venezuela thought to be the biggest offenders.

Merrill's forecast is for Brent to trade at an average price this year of $13.50, "but it's already looking like there's a risk to that," Mr. Wright said.

If there are no further OPEC cuts, he said, the present price range could last "for a considerable period."

"We could quite feasibly go lower from these levels," he added.

The factors that keep prices down in one period set the stage for the next period's advance.

Oil companies are "slashing exploration" for new reserves because of the excess supply and low prices, Mr. Wright said.

"The sort of budget cutbacks we're seeing from oil companies are significant," he added. "The longer we go on at these prices, the further they're going to cut exploration and production. It could lead to an oil price shock in three to five years."

Another potential consequence of a prolonged slump in oil prices is civil strife in Saudi Arabia, which could also send prices up sharply.

"The Saudi deficit is getting bigger," Mr. Wright said. "They're suffering. As long as this goes on, there's a risk of political instability."

Mr. Gignoux reckons that a price rise could occur sooner rather than later.

"Production is starting to shut down; it's at its lowest level in 50 years in the lower 48 states," he said, adding that the United States is "hooked on cheap foreign crude: They don't think as much about energy security as they used to."

A threat to that security could come from year 2000 computer problems, Mr. Gignoux said. While the bug seems to have been worked out in much of the developed world, in his view some of the places where oil is produced are "dodgy." If significant production disruptions occur, prices could spike higher.

"Do you invest in oil at these levels?" he said. "You have to put it on the radar screen. You can have a short, sharp move very quickly. A 10 percent move on North Sea doesn't even take it to the bottom of my range" of reasonable, sustainable prices.

Investing in oil is done mainly through futures contracts traded in New York, London and elsewhere. These involve obligations to buy or sell a fixed amount of oil at a fixed date.

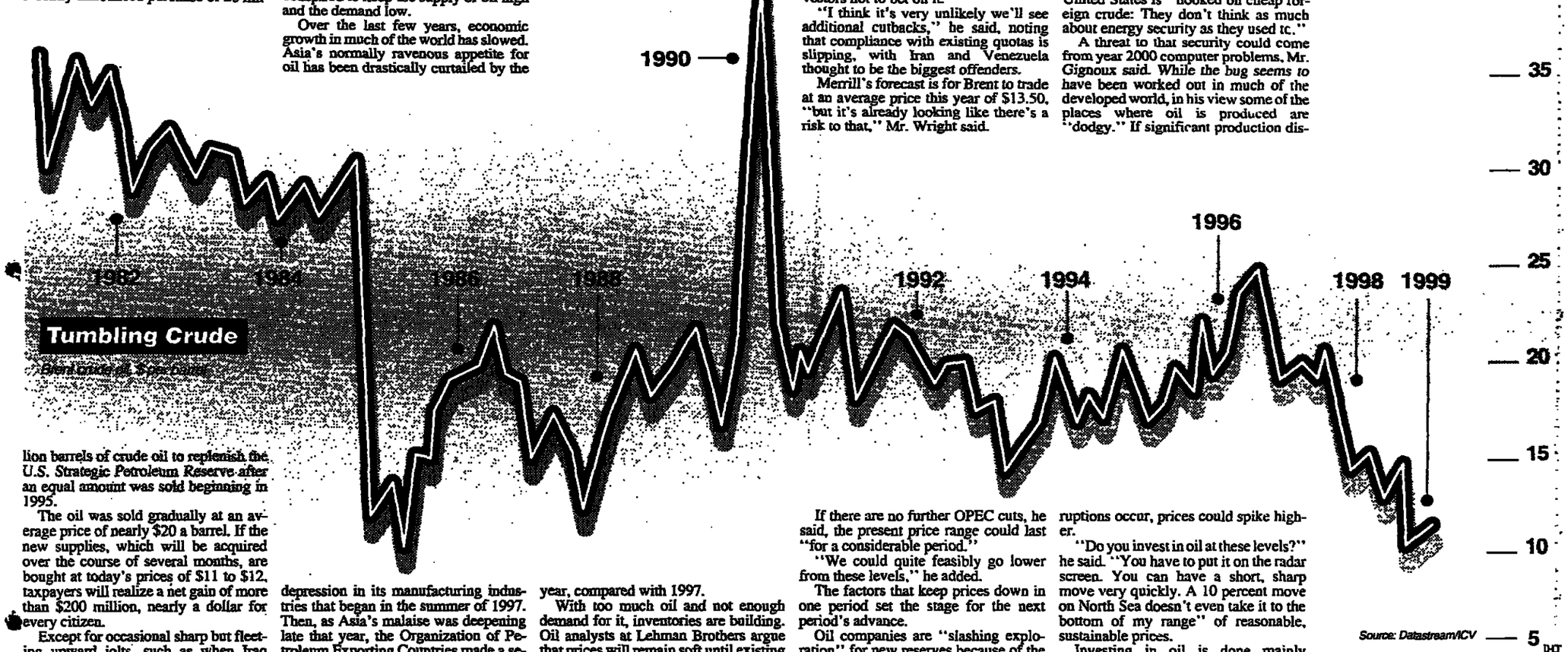
A small amount of money is put up to hold the position, which must be closed before the contract expires, or else the buyer of a contract will have to pay up and accept delivery on a large quantity of oil.

Futures trading involves considerable leverage and risk. An alternative is to buy a call option on a futures contract. A call-option buyer may purchase a futures contract but is not obliged to; the option can be sold instead.

The sale could be at a substantial profit if the price of oil has risen sufficiently, but if oil falls or even trades flat, the option's value will fall, possibly expiring worthless. That makes it a risky proposition, if not as risky as trading futures.

Mr. Gignoux added that a would-be speculator should wait until the market has shown clear signs of turning up before taking the plunge.

"You always have to wait and listen to what the market's telling you," he cautioned. "Otherwise, you're just putting a chip down and betting red or black."



Upturn or Doldrums, Prospects for a Sector Whose New Day May Soon Dawn

For Optimistic Investors, Oil-Services Sector May Be the Place to Be

By Barbara Wall

IF YOU BELIEVE the broadly held view that the energy industry is in a self-correcting situation and that petroleum prices will rise once the balance between supply and demand is restored, the oil-services sector is not a bad place to invest.

Historically, oil-services stocks have been the first to benefit from an upturn in the oil industry's fortunes, largely because of their acute sensitivity to the direction of commodity prices. Also, given the cyclical nature of the underlying stocks, the sector has the potential for explosive earnings growth. But is now the best time to buy into the group?

The oil-services sector, which comprises about 155 quoted companies worldwide, has been hit badly by the weakness in energy prices and reduced spending by petroleum producers. On a 12-month basis to mid-February 1999, the universe of oil-services stocks was down by about 48 percent, according to Allen Brooks, an oil-services analyst with CIBC Oppenheimer & Co. in Houston.

The asset-based services stocks, including supply-vessel companies and drillers, have experienced the worst declines in earnings and stock prices, according to analysts. The least-effected have been large, diversified companies that have interests outside the oil-services industry.

Although the short-term outlook for oil-services companies is not encouraging — analysts have forecast that 1999 earnings for the sector will be among the worst on record — investors continue to watch these stocks with interest.

"The phones are not ringing as much as they used to, but there is always a good turnout when I deliver a talk on the sector," said Geoff Kieburtz, an oil-services analyst with Salomon Smith Barney Inc. in New York. "A lot of the interest comes from investors who have a definite opinion on the future direction of the energy markets. Many invest in oil services to add leverage to their investment portfolio."

One could argue that Asia will not quickly recover from its economic malaise and that oil prices will remain depressed far into the future. But few analysts seem to support this view.

"Given that the world's energy consumption is rising at a significant rate, the most likely outcome for the industry is that it will recover its equilibrium and oil prices will rise," said Mr. Brooks of CIBC Oppenheimer & Co. "As oil-services stocks are anticipatory of changing conditions in the industry, investors have to pay close attention to the sector if they want to exploit a turnaround in the stocks."

Most of the current interest in oil-services stocks comes from value investors, Mr. Brooks said. These investors concern themselves with asset values rather than earnings growth. They want a company's assets to be inexpensive relative to its stock price and they want there to be a floor below which the shares are unlikely to fall.

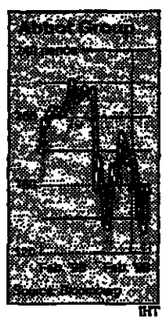
"The risk of investing in the sector now is that oil prices could still go lower, which would impact further on the oil-services stocks," Mr. Brooks said. "On the other hand, if investors wait until oil prices start to rise they will miss out on the bottom price."

Once investors have made up their minds that they want to have exposure to the oil-services sector, the next step is to look for companies that are in a strong positions.

"I would focus on liquidity and avoid the small and mid-size capitalization stocks for the time being," Mr. Brooks suggested. "There are plenty of opportunities to invest in small-cap stocks when the sector has started to recover."

"Companies which will emerge intact from the present difficulties are the large services companies which have broad product lines," he added. "Halliburton would be one of my investment choices. As well as looking at a company's size and product lines, investors should also consider the strength of the company's balance sheet and the experience of its management."

Stephen Gengaro, an analyst at ING Baring Furman Selz LLC in New York, said that companies involved in deep-water oil exploration and production are also likely to attract interest from value investors.



"There are economies of scale in deep-water mining that make a significant difference to the cost of producing a barrel of oil," Mr. Gengaro said. "More producers are turning their attention to this market, and oil-services companies with the relevant experience will be in greater demand. Investors might want to take a look at the Norwegian sub-sea construction firm Stolt Comex or the Paris-based construction group Coflexip Stena. There are many other companies involved in deep-water mining that are in a good position going forward and the stocks have not yet been awarded for that position."

There are some oil-services stocks that stand to benefit from difficult industry conditions, according to Louita Gericke, an analyst at WestLB Panmure in London.

"With the collapse in oil prices, producers are desperate to cut costs," Ms. Gericke said. "Outsourcing is one solution, and it is going to be the oil-services companies which pick up the contracts."

"The next gravy train will be oil-rig abandonment," she added. "None of the oil producers want to be the first to go down this road, but it will eventually happen. Companies that are in the business of removing and shutting down oil platforms should do well."

Ms. Gericke said she would be reluctant to jump into the oil-services sector before it was clear that energy prices had bottomed. She said, however, that Abbot Group PLC was worth investigating.

Abbot offers a number of services to oil producers, including drilling and inspection management.

The stock price held up remarkably well until the end of last year, but Ms. Gericke said the price had been volatile in recent months because of difficulties surrounding failed merger talks with ProSafe ASA, a Norwegian competitor.

"The Abbot Group's stock price was down 40 percent when news of the potential merger was leaked in early January," Ms. Gericke said. "A broadly held view at the time was that the valuations which were being applied to Prosase and the Abbot Group worked against the Abbot Group's interests. The talks have been shelved temporarily and the company's stock price has since improved."

In her view, the company is "tightly run," well-positioned and "going forward."

"It has long-term contracts in place for development and production work, mainly in the North Sea," she added. "Also, by the end of the year, the group will have a cash surplus, which has led to speculation that it may be looking for a takeover target."

For further information:

• ABTRUST SCOTLAND FUND. Abtrust Scotland Fund is run by Aberdeen Asset management and invests primarily in oil-services companies, many of which are not listed. Telephone: 44 1224 633 070.

• WESTLB PANMURE: 44 171 6384010

For Oil Companies, Worst of Times May Portend Better Times

By Judith Rehak

IF IT IS ALWAYS darkest before the dawn, then this is the time to buy stock in oil companies. The industry has just suffered through one of the worst years in its history.

First, the critical supply-demand balance of oil fell apart, as the Asian economic crisis caused demand to plummet, and Iraqi production increased. The final blow came when the members of the Organization of Petroleum Exporting Countries decided in late 1997 to boost production, dumping oil on a market that was already oversupplied.

The result was disastrous for oil prices and energy companies. Crude oil plunged from about $20 a barrel 18 months ago to about $12.60 currently, and the profits of oil companies plummeted right along with it.

Many major players saw their earnings decrease by more than 30 percent, while others had even worse results. Royal Dutch/Shell Group, for example, saw its net income plummet 95 percent last year.

But the good news for investors who like to bottom fish and are willing to be patient for the next 12 to 18 months, is that the worst may be over, leaving oil company share prices at bargain levels.

Although still-cautious analysts warn that 1999 will be a tough year, their outlook is improving for several reasons. The steep fall in demand from Asia appears to have finally bottomed out.

"Asia will see only a slight improvement this year, but it won't have any more decline in demand," said Douglas Terreson, who follows international oil companies for Morgan Stanley Dean Witter & Co. from Houston.

In keeping with Morgan Stanley's house view that the American and European economies will grow, he said he expected continued good demand from those regions.

At the same time, Mr. Terreson pointed out that the oil glut, while still significant, is shrinking.

Current world oil production is 75 million barrels a day, while consumption is only 74 million. But OPEC and non-OPEC production cuts are causing the oversupply to fall about 200,000 to 300,000 barrels a day, and he figures that by the end of the year it could be 400,000.

"It won't fully rectify the situation, but it should improve the balance," he said.

If those estimates hold, he figures that the price of crude oil will recover to about $15 a barrel by year's end, which is still well below its high, but enough to help oil companies start to recover.

But he warned that earnings growth was likely to be negligible this year.

Most likely to benefit, in Mr. Terreson's view, are the big international, integrated oil producers, who do everything from exploration and drilling to refining and producing petrochemicals.

He especially favors the two mega-merger stories of last year, BP Amoco PLC and the pending union of Exxon Corp. and Mobil Corp., expected to be approved by mid-year.

These companies are better positioned than others to benefit from even a small improvement in price because their mergers are enabling them to cut costs dramatically.

BP Amoco, for example, has announced that it will slash at least 7,000 jobs from its 100,000 employees around the globe. Mr. Torreson likes the opportunities that come from divesting assets and redeploying them into more productive areas. He also noted the company's "unsurpassed" portfolio of investments in oil drilling, in sites ranging from the Caspian Sea to Mexico and South America.

"These companies were already strong before the merger," he said. "Now they're outstanding."

The big leap in profitability is likely to come in 2000, when he is projecting earnings per share of $4.55, compared with $3.50 for this year.

"And those estimates could be boosted as benefits from the merger accrue," he added.

Michael Mayer at Schroder & Co. said he had outperform ratings on all the major integrated oil stocks he follows because they were currently so cheap.

But his valuation model for the biggest companies, which measures the relative attractiveness of 12 concerns, has come up with USX-Marathon Group and Texaco Inc. as the best buys.

Currently trading about 39 percent below Mr. Mayer's target price of $32, Marathon increased oil and gas production and cut costs last year, only to see the savings eroded by falling oil and gas prices and declining margins for its refineries.

Mr. Mayer said he thought the cost cuts would enable Marathon to earn twice as much this year on $15-a-barrel oil as it did in 1995, when the price of crude averaged $18.40.

TEXACO, which according to his model has no more than 1 percent downside risk and a 53 percent upside, is suffering from many of the same problems as Marathon. It also must deal with currency loses last year that amounted to about 20 cents a share.

With oil at $15 and assuming no foreign-exchange losses, Mr. Mayer is forecasting about $2.10 a share in earnings this year.

Texaco is currently trading at about $ 47, and his target price is $63.

But just how quick a recovery to $15 a barrel oil will be able to make depends on the OPEC countries. The members plan to meet on March 23 to decide whether they will cut or maintain their current oil production.

Mr. Mayer is not betting on one result or the other.

"In terms on which way they will go, you could flip a coin," he said.

To cover both possibilities, he has laid out two scenarios. Even if OPEC decides to keep producing at its current rate, he figures oil company stock prices are already so low, they would probably not fall much farther. But it would take longer for oil prices to recover because it will depend more heavily on non-OPEC countries cutting back, he said.

On the other hand, he said, "If they cut production, you might make a quick 10 to 15 percent profit."

A cut in production, he noted, would mean that the surplus inventories that have piled up would be gone by the end of the year.

But for investors, the real opportunity, these analysts agree, is in buying these stocks now, while prices are near their lows, and sentiment is still extremely negative. Then, sit back and wait for the profits to roll in a year or two from now.

THE MONEY REPORT

BRIEFCASE

Barings Envisions A Turkish Delight

"It's Turkey time," according to the Global Emerging Markets Strategy group at Barings Securities in London.

A new report from Barings suggests that prospects for Turkey, and the Turkish Investment Fund Inc., have improved since two months ago, when there were fears that Turkey would be hit by contagion from Brazil's devaluation of its currency, the real.

Turkey has long been plagued by high inflation and volatile politics, but Barings contends that the country's political and economic systems are more resilient than they might appear to be.

The Turkish economy, which had been growing at an average rate above 6 percent for the past four years, slowed toward the end of 1998 and is likely to expand by only 2 percent this year.

Barings emerging-markets analysts, however, said they expected it to pick up in the second half and grow by 5 percent in 2000. Inflation, currently at about 80 percent, is projected to fall 24 percent this year.

On the political front, elections are scheduled for April 18. Barings's assessment is that no single party will win an absolute majority, but the analysts expect the next government to continue policy reforms and drive down real interest rates.

Barings noted that the electoral hand of Prime Minister Bulent Ecevit had been strengthened by the Feb. 16 arrest of Abdullah Ocalan, the Kurdish rebel leader.

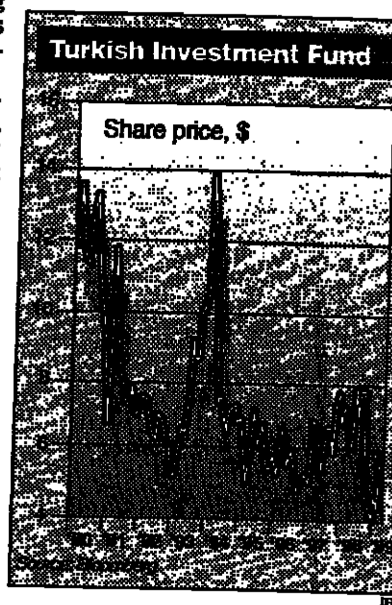
Finally, despite a stronger showing of late, Istanbul's stock exchange is still trading at deeply discounted valuations. Stocks are trading at about 8.2 times their expected earnings this year and offering dividends of about 4 percent.

So Barings says the bad news has been priced in, making Turkey "among the cheapest markets within our [emerging-markets] portfolio."

The closed-end Turkish Investment Fund, which is managed by Morgan Stanley Asset Management, is listed on the New York Stock Exchange under the ticker symbol TKF.

It is currently trading at about $6 a share, up from a low of $3.81 in early October. Its discount to net asset value is roughly 15 percent.

A cautionary note: Barton Biggs, chairman of Morgan Stanley Asset Management, sold all 10,192 shares he held in the fund in December at $4.44. *(IHT)*



IHT

Index-Tracker In Euroland

Since the beginning of this year, hardly a week has gone by without the introduction of a Euroland equity fund. There are currently about 16 funds that invest solely in Euroland companies. Most are actively managed, but there is at least one index-tracker.

As its name suggests, the Fidelity EURO STOXX 50 fund, previously the Capital Builder Dax fund, tracks the Dow Jones EURO STOXX 50 Index, comprising Euroland's biggest companies.

"The fund's name and investment remit was changed in November 1998 in order to give existing investors a broader investment exposure than they were previously used to, with no additional currency risks," said Andreas Kuschmann, a Fidelity Investments spokesman. "Although Fidelity generally favors active fund management, it opted for a Euroland index-tracker to appeal to first-time investors."

The EURO STOXX 50 index was chosen because of its narrow range of companies, Mr. Kuschmann said. Other Euroland indexes were deemed too broad for tracking purposes.

The Fidelity EURO STOXX 50 fund is a no-load fund. The annual management fee is 0.6 percent. It is domiciled in Luxembourg and marketed exclusively to European investors. *(IHT)*

For further information:

FIDELITY INVESTMENTS. Telephone: 44 1732 771 115.

FOR AN ARTICLE about a certificate linked in part to the EURO STOXX 50, visit The Money Report Web page at www.iht.com/IHT/MONEY/020699/my020699a.html

A WEB SITE devoted to index-fund investing can be found at www.indexfundsonline.com

Investors Offered Funds in Singapore

Investors in Singapore will get access to five mutual funds offered by Frank Russell Co. as part of a program with Development Bank of Singapore Ltd.

DBS plans to offer an investment management program that will combine funds offered by its DBS Asset Management unit with five international stock funds from Frank Russell, which uses a multi-manager approach.

The Russell funds, all of which are offshore vehicles based in Dublin, are its U.S. Equity, Japan Equity, Pacific Basin Equity, U.K. Equity and Continental Equity funds.

They will be joined by a domestic Singapore stock fund, a global bond fund and a money-market fund from DBS Asset Management.

Investors will need a minimum of 50,000 Singapore dollars ($29,000) to open an account when they become available later this year, a Russell spokesman said.

In Singapore, Ng Kee Choe, president of the government-controlled DBS, said the intention was to extend the program to other Asian countries. *(IHT)*

Call Undiscovered

Several readers asked for contact information for the Undiscovered Managers funds mentioned in James K. Glassman's column last week. The telephone numbers are 1 214 999 7200, or, toll-free in the United States, 1 888 242 3514. *(IHT)*

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Funds and Merger Mania

For Many, Managing Assets Is 2d to Getting Them

By Conrad de Aenlle

EUROPEAN fund-management companies are obsessed with growing their asset bases by entering new markets or raising their profiles in ones where they already do business or through mergers with or acquisitions of rivals. To the potential cost of investors who buy their funds, however, they do not seem nearly as preoccupied with how to manage the assets once they get them.

The agenda of an industry conference last month in Milan was devoted almost entirely to marketing funds and to the consolidation and restructuring that are occurring in financial services. Almost no time was spent discussing investment performance or the course of stock and bond markets, despite the volatility in the markets in the last year and the failure over the last several years of most funds to beat the benchmarks against which their performance is judged.

Susan Douse, a partner at the consultancy Watson Wyatt, presented research confirming the impression given by other speakers of an industry distracted by marketing considerations. In the 1980s, she said, performance and investment knowledge were among the "key drivers for strategic growth." These have been replaced in the 1990s by such trends as "passive management" and "product growth."

Investors can expect much of the same in the years to come. "The focus in the next decade will be on marketing and brand development," Ms. Douse said.

She and other speakers noted that in a market saturated with funds and managers, companies are battling for market share and recognition of their products. The surfeit of managers and such factors as European integration are also forcing firms to combine through mergers and acquisitions.

Patrick Zurstrassen, managing director of Credit Agricole Indosuez in Luxembourg, expects the trend to continue. Noting that there were only five European carmakers, he asked why there should be more than a handful of pan-European asset managers.

While consolidation was a recurring theme, Ms. Douse suggested that it had not been as beneficial — for the companies or for investors — as the industry thinks.

"For every good M&A transaction, there are three times as many which have an adverse effect on the quality of the organization," she said. "Investment-management integrity in all these mergers is a real big question."

The supply of fund managers keeps growing, but so does demand from investors. Paolo Catalfamo, chief executive of Templeton Italiano, a unit of the Franklin/Templeton fund-management company, noted that with state pension systems being stretched by the aging of Europe's population and with returns on traditional savings instruments like bank deposits shrinking, investors were turning increasingly to mutual funds.

Mr. Catalfamo warned his colleagues that as investors' sophistication grows and barriers to cross-border fund management in Europe fall, managers would be forced to upgrade their products and services.

"We still get away with too little information, with cost structures that are not transparent," he said. "This will not last much longer." In the next few years, he added, "a greater product range will be available."

Diana Mackay, business development director in London for the fund research firm Lipper Analytical Services, said the bull market in stocks and bonds was giving fund managers the luxury of dwelling on expanding sales, while giving short shrift to performance.

"The markets are strong, so it's easy to sell," said Ms. Mackay, who did not attend the conference. "As the job gets a bit tougher in difficult markets, when people start looking a lot more closely at performance, you have to persuade the public to stay in these funds. Investors fundamentally want to feel that they're putting 100 in and getting 100-plus back."

As long as the gain is reasonably close to benchmark indexes, they will be satisfied. "The pain comes when investors put 100 in and when they get their statements they see they've got less than 100 there," she added. "Then they become concerned."

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THE MONEY REPORT

Bargain-Hunting? Forget the Price Tag and Discover the Value of Growth

DAVID POST is a money-manager in San Francisco who is more interested in how fast a company's profits are growing than in what its stock costs.

This strategy — the growth investor's credo — has been extremely lucrative over the past five years, and especially in 1998. But it sounds like heresy to many investors. Isn't the idea to find good companies that are cheap and wait patiently until the market recognizes their value?

While it still makes sense to search for undervalued stocks, the market these days — and perhaps for a long time to come — is rewarding growth. If you do not have fast-growers in your portfolio, you are making a big mistake.

"People have discovered growth," Mr. Post said. "If you get the earnings right, you get the price right. It catches up."

Mr. Post is a partner in Harris Bretall Sullivan & Smith, LLC, which manages $3.5 billion for individuals and for institutions such as pension funds. While the firm's culture is conservative and deliberative, it loves growth stocks.

Last year, Harris Bretall earned net returns for its clients of 36.2 percent, compared with 28.5 percent for the Standard & Poor's 500-Stock Index, which tracks the performance of large companies. Over the last five years, the firm's average annual returns have been 23.4 percent, compared with 24.1 percent for the S&P and just 17.4 percent for the average mutual fund, according to Lipper Analytical Services Inc.

The firm's portfolio is full of big, beautiful growth stocks: Microsoft Corp., the software company, is the largest holding, followed by Charles Schwab Corp., the discount brokerage firm, and Cisco Systems Inc., which dominates the market in computer networking products.

At the end of 1998, the average price-to-earnings ratio of Harris Bretall's 44 stocks was 52, meaning it cost $52 to buy $1 worth of a company's profits. By contrast, the P/E of the S&P was 29.

But there was another difference. Harris Bretall stocks were increasing earnings at a rate of 18 percent a year, while S&P stocks were growing at just 10 percent.

"We don't say that Cisco and Microsoft are cheap," Mr. Post said. He doesn't much care. Microsoft, with earnings now rising 25 percent annually, has risen by a factor of 14 over the past five years.

As for Cisco, it offers an interesting case study. In July 1997, it was trading at $36, with a P/E of 37. On Thursday, it closed at $98.50, with a P/E, based on estimates of earnings for the fiscal year ending July 1999, of 67. Earnings have been growing at 30 percent a year, according to Bloomberg Business News.

Now take a classic value stock: Caterpillar Inc., maker of construction equipment. In July 1997, it was trading at a price of $55 a share and a P/E ratio of just 14. But on Thursday, Caterpillar closed at $45.69 a share, with a P/E, based on estimates of this year's earnings, of 13. Profits are up, but not by enough to thrill investors. The company's long-term growth rate is 10 percent annually.

Is the market overvaluing growth? Could be. But you should never underestimate a company whose earnings are zipping along. Even if the stock seems to be expensive by conventional measurements, growth holds the trump card — thanks to the power of compounding.

Take a stock that trades at $200 a share and has earnings of $4 a share. It is expensive at a P/E ratio of 50, but its profits are growing at 15 percent a year.

JAMES K. GLASSMAN / ON INVESTING

Say that the day after you buy the stock, it plummets to $120 a share as the market suddenly decides that the P/E of growth stocks should be 30, not 50. Bang — a loss of two-fifths of your investment in 24 hours. But you really should not mind as long as profits are booming.

At the end of 10 years, growing at 18 percent, earnings per share will reach $21. Assume that the market continues to value those earnings at a P/E of 30. The stock, then, should be worth $630 a share. So you have tripled your investment — despite that terrible one-day loss when the market readjusted its valuations.

In his newsletter, Personal Finance, Stephen Leeb recently pointed to firms with long-term records of both stability and growth, including Pfizer Inc., which has increased its earnings at a 19 percent annual rate for the past five years; Bank of New York Co., Inc., 15 percent; Johnson & Johnson, 14 percent; Coca-Cola Co., 14 percent, and Intel Corp., 21 percent.

Harris Bretall owns all of these except Bank of New York, but Mr. Post said he had a positive view of many financial stocks, including Citigroup Inc., formed last year from the merger of Citicorp and Travelers; American International Group Inc., the giant international insurer, and three San Francisco-based companies: BankAmerica Corp., Wells Fargo & Co. — whose largest single shareholder is Warren Buffett's Berkshire Hathaway Inc. — and Schwab.

Nearly all of the firm's holdings are very large-cap stocks, but it does own Starbucks Corp., a mid-cap, and estimates its rate of earnings growth at 35 percent with a P/E of 42. Starbucks, the coffeehouse chain, has quadrupled in price over the past five years but is down nearly 15 percent from its July high.

Harris Bretall does not run a public mutual fund, but it manages wrap accounts, or personal stock portfolios, for clients of brokerage firms. The firm's style is tax-efficient: Its annual turnover rate is 30 percent, indicating the average stock is held for more than three years, and the current dividend yield is just 0.7 percent.

Among the best of the large-cap growth funds is Janus Twenty, managed by Scott Schoelzel, who last year notched a return of 73 percent and is up 7 percent already in 1999. His portfolio, highly concentrated, is headed by Dell, America OnLine Inc., Microsoft, Time Warner Inc., Pfizer, Warner-Lambert Co. and Nokia Corp., the Finnish telecommunications company.

A less conventional choice for growth stocks is General American Investors Co., a closed-end fund, which trades on the New York Stock exchange. The fund has returned 34 percent over the past 12 months, compared with 20 percent for the S&P, and an annual average of 31 percent for the past three years, against 27 percent. It trades at a discount of 9 percent to the actual market value of its portfolio.

Top holdings are Home Depot Inc., Pfizer and Wal-Mart Stores Inc. — all holdings of Harris Bretall as well. Home Depot has an earnings growth rate of 24 percent, while Wal-Mart's is 12 percent. Home Depot has returned 83 percent in the past year; Wal-Mart, 81 percent.

Washington Post Service

For further information:

• GENERAL AMERICAN INVESTORS CO. Telephone: 1 212 916 8400, or, toll-free in the United States, 1 800 436 8401. Ticker symbol: GAM

• JANUS TWENTY. Telephone 1 303 333 3863, or toll-free in the United States, 1-800-525-8983. The fund is open to American investors only.

James K. Glassman's e-mail address is jglassman@iht.com.

Upbeat in Europe: On Salomon's List, 16 Alluring Stocks

Euro Picks Stocks favored for 1999 by Salomon Smith Barney

"Buy" ratings:	
Akzo Nobel	Netherlands, chemicals
BAT	Britain, tobacco
Danone	France, food
Glaxo Wellcome	Britain, pharmaceuticals
ING Groep	Netherlands, bank
Racal Electronics	Britain, electronics
Societe Generale	France, bank
Superdiplo	Spain, retailer
Zurich Allied	Britain-Switzerland, insurance
"Outperform" ratings:	
Alitalia	Italy, airline
BP Amoco	Britain, energy
Delhaize	Belgium, retail
Dixons	Britain, retail
RMC	Britain, building materials
Reuters	Britain, media

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ANALYSTS at Salomon Smith Barney Inc. have chosen 16 European stocks spread across 15 industries (there are two banks) that they expect to produce particularly strong risk-adjusted returns this year. Ten of the companies attract a "buy" rating from analysts; the other six merit a lower rating of "outperform," a reflection of the analysts' subdued opinion of those sectors.

Mark Howdle, Salomon's European equity strategist, cited circumstances that make the climate for investing in stocks in the euro zone favorable, including low interest rates, a feverish effort to reduce costs through corporate restructuring and demographic factors that are expected to compel Europeans to invest in shares to help prepare for retirement. But weak economic growth is expected this year and next.

"There is room for significant earnings growth," Mr. Howdle said. "Of the main earnings-growth drivers, cyclical influences — demand, investment and inflation — will be relatively weak, but structural influences — cost-cutting restructuring, lower cost of debt, leverage, buybacks and lower corporate taxes — will be important."

Salomon is less enthusiastic about Britain, where economic growth forecasts are falling fast and corporate earnings may be less than market participants are expecting; even so, half the picks are wholly or substantially British.

The two banks, ING Groep NV of the Netherlands and the French bank Societe Generale SA, both get buy ratings.

ING has a solid balance sheet and strength in a number of different businesses, including fund management, insurance and retail and commercial banking, the analysts said. But its stock price is weighed down by the public's perception that ING is too heavily involved in emerging markets. As a result, "the shares offer the prospect of both value and growth," they said.

There is also plenty of both expected from Racal Electronics PLC, a British company that was on last year's list. It had a 50 percent gain.

"Racal Electronics is our best pick for the second consecutive year," said Mark Davies Jones, who covers the electronics sector. "We expect further strategic progress and continued valuation upside in the current year. Racal is a play on rising data-communications traffic and on European defense restructuring, and we believe it is cheap."

Restructuring benefits are also part of the appeal of Stora Enso, Europe's largest paper producer. The merger of the Finnish and Swedish companies that formed it will save it about 300 million euros ($330 million), said Salomon's Thomas Brodin. Expected sales of assets also make it attractive.

International Herald Tribune.

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International Herald Tribune
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WORLD ROUNDUP

Mauresmo Avenges Her Loss to Hingis

TENNIS Storming back from a nervous start, Amelie Mauresmo avenged her defeat by Martina Hingis in the Australian Open final with a 2-6, 6-1, 6-3 triumph over the world No. 1 at the Gaz de France Open on Friday in Paris.

Roared on by a passionate French crowd aware of the recent controversy between the players, Mauresmo used her greater physical power to eventually overrun Hingis in one hour, 30 minutes.

"It was like a soccer match," a despondent Hingis said of the crowd. "They were really against me."

The contest re-opened the controversy that erupted before last month's Australian final, when Hingis described Mauresmo, who is gay, as "half a man."

Hingis and Mauresmo had sought to play down the incident in the days leading up to the match, but both players were clearly in determined spirit. *(AP)*

Krajicek Reaches Semis

TENNIS The former Wimbledon champion Richard Krajicek, the hometown favorite Greg Rusedski and Hicham Arazi of Morocco reached the semifinals Friday of the Guardian Direct indoor tournament in London.

The fourth-seeded Krajicek had little trouble ousting the No. 5 Karol Kucera of Slovakia, 6-1, 6-3, and the No. 3 Rusedski, a Canadian-born Briton, defeated the No. 6 Thomas Enqvist of Sweden 7-5, 4-6, 6-3.

In a quarterfinal between unseeded players, Arazi defeated Dominik Hrbaty of Slovakia, 6-4, 6-2. Arazi is to face Rusedski in the semifinals Saturday.

Overshadowing all three matches was the marquee event set for late Friday with Yevgeni Kafelnikov of Russia poised to take over the No. 1 world ranking from Pete Sampras if he could beat Thomas Johansson of Sweden, ranked No. 19 in the world. *(AP)*

Canterbury Wins Opener

RUGBY UNION Canterbury Crusaders opened their defense of the Super 12 title with a victory Friday. The Crusaders ran in five tries as they beat their New Zealand rivals, the Waikato Chiefs, 48-3, in the opening match between the leading provincial teams in Australia, New Zealand and South Africa. *(Reuters)*

Rain Halts Sri Lanka

CRICKET Bad light and rain stopped play early Friday, after Sri Lanka had scored 293 runs for four wickets in its first innings on the third day of the Asian Test Series match in Colombo. Mahela Jayawardene hit an unbeaten century as Sri Lanka replied to India's 518 for seven declared. *(Reuters)*

Marseille Back on Top

SOCCER Olympique Marseille went back to the top of the French first division Thursday with a 1-0 victory over visiting Strasbourg. Robert Pires blasted the winner a minute after halftime. *(Reuters)*

In Yanks-Nets Deal, Steinbrenner to Stick to His Own Ship

By Richard Sandomir
New York Times Service

NEW YORK — George Steinbrenner will still be The Boss, even though the New York Yankees and the New Jersey Nets signed a letter of intent to merge the two teams into one company.

After a year of steady and serious courtship, the Yankees and the Nets announced Thursday that they planned to merge into a company called YankeeNets and promised that each team would continue to operate separately.

"George Steinbrenner has made it clear that he won't run the Nets," said the Yankee owner's spokesman, Howard Rubenstein, who spoke for his employer and for the Nets' owners when they all decided not to talk to the news media.

While a definitive agreement has not been signed, the plan is to create YankeeNets, in which each team will be an equal partner in a company designed to maximize the sale of local cable-television rights, sponsorships, luxury suites, tickets and advertising.

To create their 50-50 partnership, the teams will exchange some stock and the Nets will contribute at least $350 million — perhaps as much as $550 million — raised from outside investors.

One source of capital is a group led by Allen and Co., an investment firm that is renowned for its entertainment-industry deals. A second source of money could be Tishman Speyer Properties, the real estate developer.

Donald Keough, chairman of Allen and Co., and Jerry Speyer, president of Tishman Speyer, were named to the YankeeNets board of directors.

Although there are 14 individual owners or ownership groups that control two or more teams in the four major sports, including Time Warner Inc. (the Atlanta Braves, Hawks and the NHL expansion Thrashers), Walt Disney Co. (the Anaheim Angels and Mighty Ducks) and Mike Ilitch (the Detroit Tigers and Red Wings), this is the first instance of two teams merging into one company.

In any case, the expansion of multiple-team ownership has occurred less for sporting reasons than for television and marketing advantages. Ultimately, it may not matter that the Nets have not won a championship since 1976, when they were in the American Basketball Association, and have started this lockout-shortened season with a spate of injuries and a 2-9 record.

"The record is temporary," Rubenstein said. "They have very good ballplayers. With the drive these owners have, the Nets will be competitive."

The news that the champion Yankees would combine with the Nets, a team with a far less hallowed history, stunned Roy Boe, who bought the Nets for about $100,000 in 1969 and owned them until 1978. "Wow!" Boe said from his home in Connecticut. "Holy smokes! This is mind-boggling. I'm shocked they kept it a secret. It's hard to imagine the Yankees would merge with the Nets, but there must be things we aren't aware of yet."

Boe speculated that Steinbrenner saw the wisdom in linking up with a NBA team, even after the lockout and despite the Nets not having the marquee value of the Knicks, Los Angeles Lakers or Boston Celtics.

"The NBA has made such incredible strides here and around the world," said Boe. The main benefits of the merger for the Yankees seem to be the cash infusion from the new investors and the leverage a second team could create in talks to renew the teams' deals with Cablevision Systems Corp.'s local TV sports channels: the MSG Network, which carries Yankees games, and Fox Sports New York, the Nets' channel.

YankeeNets could also form its own sports channel or make a deal with ESPN or Time Warner to create a channel to compete with Cablevision. Cablevision had made a bid of at least $500 million for the Yankees, but talks broke down last November.

The Yankees' $486 million, 12-year contract with MSG Network expires after the 2000 season, and the Nets' contract with Fox Sports New York expires after the 2001-02 season.

"Had Cablevision bought the Yankees, they could have linked them up with the Knicks and Rangers, which would have been a better package than the Yankees-Nets," said Jeff Phillips, a vice president at Houlihan Lokey Howard & Zukin, a Chicago investment bank that specializes in sports finance. Cablevision's ownership of Madison Square Garden includes the New York Knicks, the New York Rangers and the arena.

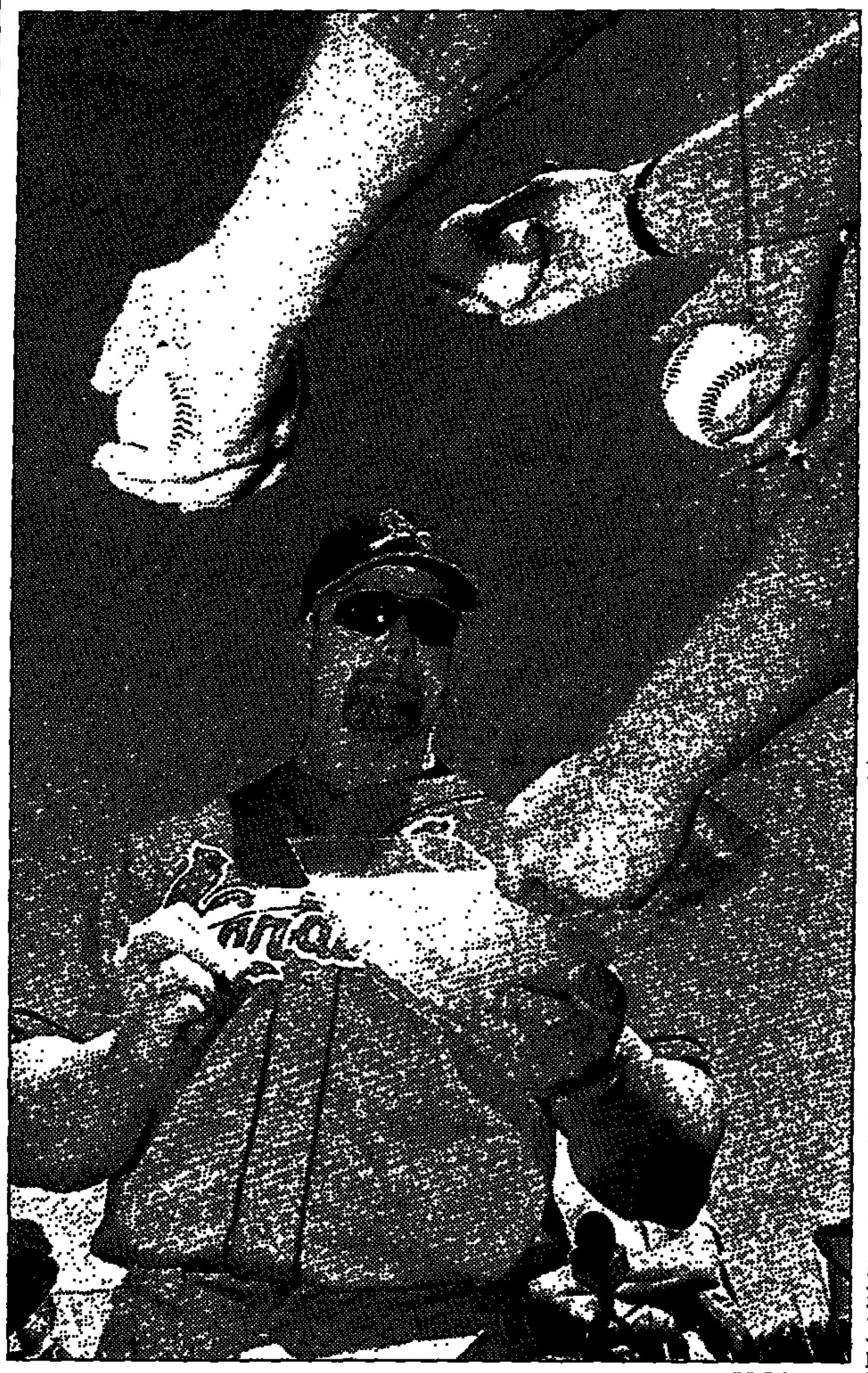
The talks between the Yankees and Nets began about a year ago when Steinbrenner had meetings with Jerry Cohen, a member of the old and new Nets ownership groups. Serious negotiations began after Raymond Chambers and Lewis Katz took control of the Nets in late October after paying $150 million.

Chambers's and Katz's 38 percent ownership share of the Nets belongs to a charitable trust that has said it will funnel all its profits toward inner-city youth programs in New Jersey. The trust, the Community Youth Organization, will remain in place and will own 20 percent of YankeeNets. Bill Cosby, the entertainer, is a team investor and chairman of the trust.

In a statement, Steinbrenner said "over and above the obvious business reasons for the partnering of the two teams, I was moved by the Nets' commitment to youth." Although it was not announced, the Nets' charitable efforts are expected to be extended to areas of New York City.

Rubenstein was unable to say precisely what impact, if any, the merger would have on the Yankees' pursuit of a new stadium in Manhattan or New Jersey, or whether they would stay in the Bronx at a new or renovated stadium.

"Steinbrenner is retaining all options, including New Jersey," Rubenstein said. The Nets have proposed moving to a new arena in downtown Newark from the Continental Airlines Arena in the Meadowlands Sports Complex.



Colin Braley/Reuters
Mark McGwire signing autographs for some of his many fans at spring training.

For an Encore, McGwire Aims Low

After 70 Home Runs, Cardinal Slugger Sets a Goal of 50

By William Gildea
Washington Post Service

JUPITER, Florida — Tony La Russa, the St. Louis Cardinals' manager, opened the clubhouse door and Mark McGwire stepped forth to a welcome befitting the slugger who captivated baseball last year when he hit the astonishing total of 70 home runs.

Fans applauded him and scores of photographers and cameramen recorded the first official moments of Cardinals' spring training as he walked to an auxiliary field at the sprawling complex. Many more reporters waited to speak with him and new teammates watched him with awe.

This was especially true when he stepped into the batting cage and anticipation turned to love.

The baseballs he hit made it seem like the Fourth of July. One after another, they left his bat almost too quickly to be seen at first, then soared high and far against the blue sky.

As if reacting to bursts of fireworks, fans cried "oooh" and "aaah" repeatedly while looking up to follow the trajectories. True, McGwire was hitting soft tosses from an assistant coach, Rene Lachemann. But McGwire, 35 and feeling "like 19," swung as if he were going for 80 this season — which a Cardinals newcomer, Carlos Baerga, suggested was entirely possible.

"Eighty?" said McGwire with a laugh at what he considered an impossibility. "I did what I did last year with 162 walks. Maybe if I cut down my walks to about 90 there's a possibility. Naw, that's just funny to think, 80. Geez. I'd definitely retire if I did that."

"No he wouldn't," La Russa interjected. "I'd sit him at 79."

The happy talk occurred during an hourlong news conference scheduled for McGwire by the Cardinals in their hope, as their general manager, Walt Jocketty, put it, "to try to turn the page, close the book on '98 and look forward to '99."

This may be difficult to accomplish because McGwire crammed so much history into that "book." Nevertheless, on a day that he said transported him back to last September because he was the center of attention, McGwire said that he would speak of '98 only during spring training and only on certain days. "Once the season starts, come April 5, talking about 70 is gone," he said firmly.

McGwire dodged the hypothetical question of whether he would trade the 70 home runs for a World Series ring, but without hesitation reaffirmed that he would continue using the controversial performance-enhancing supplement, androstenedione, which Major League Baseball is still studying.

"It has absolutely nothing to do with hitting a baseball," he said. "It has something to do with me getting through the workouts through the season when you're worn down." The compound is illegal in many sports.

McGwire, in a state-of-the-slugger address, said that contrary to published reports, he would not be accompanied by bodyguards this season; that he had many "cool" and "neat" times during the offseason, especially when he appeared with the actress Helen Hunt on the sitcom "Mad About You" and when he met the Pope in St. Louis; that he had been deeply affected by stories people told him about the "impact" he had on their lives during the last season and that he had experienced intense pressure as he tried to hold off Sammy Sosa and "keep" the record after he broke Roger Maris's single-season mark of 61 set in 1961.

Sosa, who appeared to experience less pressure, finished with 66 homers.

McGwire made it clear that the price of glory and lasting fame was a loss of privacy and a vast increase, at least during last season, in pressure — there was pressure galore, as he told of it.

"Nothing could be any worse than what I went through the last two months of the season," he said. "I don't think there's ever been another athlete to be singled out in one sport like I was singled out for the last two months of the season. Every move you make is being watched.

"The most-asked question last year was, 'Did he hit one?' You ask anybody across America, that was the most-asked question. That's sort of tough when you're playing a team sport and the question should be, 'Did the Cardinals win?' "

Still, he called 1998 "a magical year" and set his home-run goal for 1999 at a more reasonable 50, typical of his seasonal output during his career.

McGwire, forearms massive as ever, said that "if I don't reach 70 again this year, someone will say, 'He had an off-year.' " But whatever happens, he said, he will continue cherishing the feelings people told him they experienced because of his 1998 season. "It's just neat to know I had a part in their summers," he said, "and put a lot of smiles on their faces."

McGwire traveled to Australia and vacationed twice in Mexico during the offseason and professed certainty that there was nowhere on earth he could go where he wouldn't be recognized.

Some of his most ardent fans knew exactly where to find him this day and waited him out with both eagerness and patience, lining up along a fence for autographs after the players had completed a leisurely two-hour workout. McGwire moved along in front of them on the other side of the fence, signing baseballs and photographs and posters and pieces of paper. A father held his son, a woman waved a Cardinals' cap to get his attention — they and others had to settle for a glimpse of him.

"Where's McGwire, Mommy?" a small boy asked.

At about that time, a man shouted what he meant to be encouragement, but what McGwire knew he would be hearing for weeks and months to come and, at the moment, doubted could happen: "Hey, Mark, I hope you break your record."

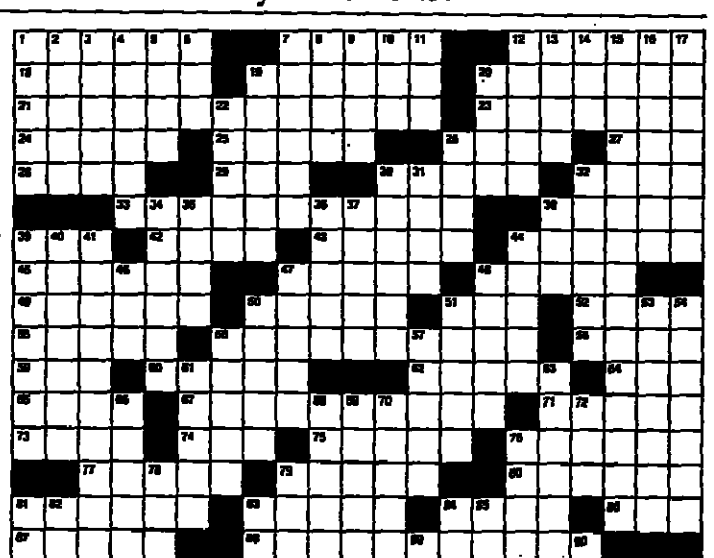
ALIEN ABDUCTIONS By Dave Tuller

ACROSS

1 Mophead
7 Dessert pastries
12 Scored in bezique
18 "1984" conspirator
19 Where lemons are picked?
20 Opium compound
21 Fixing the space-time continuum?
23 It started a little before 1000 B.C.
24 Controls
25 Baffled
26 Thank-you-——
27 Pants problem
28 Ago, in Aberdeen
29 Average
30 High priest in Exodus
32 Newcastle's river
33 Geology?
38 Migraine headaches, so to speak
39 Ability to hit a target
42 Donkey drawer
43 Inevitable
44 Lose everything
45 Part of a percussion section
47 Courses
48 —— tree (Indiana state tree)
49 Commercial passage
50 Worth
51 Be attributable (to)
52 "Be——!" ("Come on!")
55 Rube
56 Amtrak fares?
58 Turn about
59 Capek drama
60 Barry Sanders and teammates
62 "Nonsense!"
64 1970's-80's cause
65 Singer who co-starred in "Johnny Mnemonic," 1995
67 Limit placed on PBS?
71 Limping, maybe
73 Words from Mr. Moto
74 Efficiency symbol, in physics
75 Modern fat substitute
76 North Wind personified
77 "Aunt —— Cope Book"
79 Dogtrot and foxtrot
80 Successor car to the Studebaker
81 Off-shore lodging
83 Set of plates
84 "The King and I" role
86 Time to play taps
87 Like a landowner
88 Arachnids that appear over the summer?
91 Some Oklahoma Indians
92 Beget
94 Fabric name ending
95 Counting method
99 Queen Eliz., e.g.
100 Attention-——
101 Experienced, old-style
103 Vow taker
104 More hot-tempered
106 Waterway named for a talk show host?
109 Like some foreign movies
110 God of death who underwent resurrection
111 Three-time Emmy-winning host
112 Bound
113 Like most store items
114 Texas oil city

DOWN

1 Strong beers
2 Key color
3 Flame throwing, maybe
4 Fall preceder?
5 Vacation souvenirs
6 Abbr. in a business letter
7 3.26 light-years
8 Spur
9 Bother for a boxer
10 Because of
11 It's a mess
12 Western landscapist Thomas ——
13 Land south of Judah
14 Football Hall-of-Famer Ford
15 Addendum to a log?
16 They might backfire
17 Like some sympathies
19 Most doll-like
20 "Later!"
22 Gridiron stat
26 First-of-a-kind 1960's TV star
30 Flower part
31 Top-notch
32 They connect to the knees
34 Ed of "Married ... With Children"
35 Players
36 "—— goes according to plan ..."
37 Gobble
38 Calculus calculation: Abbr.
39 Semiramis's realm
40 Communicating
41 People who study cuneiform?
44 Talk show chatter
46 Arctic explorer John
47 Coin of Pakistan
48 Little nothing
50 Woman of letters?
51 Most of the world
53 Golden
54 Ushers
56 TV event of 1977
57 Old foes of the Spanish
61 Model
63 Bratislava resident
66 Caloric cakes
68 Without exception
69 Stews
70 Like 70's fashion, now
72 Coach Parseghian
76 Judge's seat
78 Kind of school
79 Shot up
81 Blushing
82 Harmonica-like instrument
83 Comfortable —— old shoe
84 Bikini events
85 New York's Penn Station is on it
89 Sea nymph
90 Labor
92 Hurry
93 Western friend
96 Marries, perhaps
97 "None But the Lonely Heart" writer/director
98 Sealy competitor
100 Home page
101 Motor with some oomph
102 Its flag is green, white and orange
103 Small fastener
105 "Go get 'em!"
106 "Baloney!"
107 Mother bear, in Málaga
108 Prefix with terrorist



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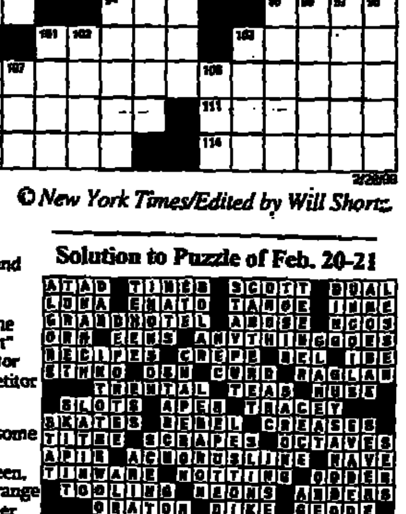
Solution to Puzzle of Feb. 20-21



Lakers Romp While Waiting For Rodman

The Associated Press

The Los Angeles Lakers, with Bill Bertka filling in as coach for a night, warmed up for Dennis Rodman's first game with the club by beating the hapless Los Angeles Clippers, 115-100.

"He looks as fit as anybody," Bertka said after watching Rodman go through his first full workout before the game Thursday. "Obviously, the guy's a remarkable athlete."

NBA ROUNDUP

Rodman, who was expected to play Friday night when the two teams met again, on the Lakers' home court, did not attend the game Thursday in Anaheim, California, because "it would be a distraction if he was here," a Lakers' spokesman, John Black, said.

The Lakers are expected to appoint either Larry Drew or Kurt Rambis as coach for the rest of the season, following the firing of Del Harris on Wednesday. Bertka, Drew and Rambis were all assistants to Harris.

Kings 115, Wizards 105 Chris Webber had 17 points, 10 rebounds and 10 assists in his return to Washington.

Mitch Richmond, who came to Washington in the deal that sent Webber to Sacramento, was 0 for 5 at halftime before finishing with 16 points.

Pacers 81, Cavaliers 74 In Cleveland, Mark Jackson matched Webber's triple-double with 15 points, 12 rebounds and 11 assists as Indiana won its fifth straight.

Hawks 93, Rockets 87 Grant Long scored 20 points and LaPhonso Ellis had two late baskets as Atlanta won in Houston. Scottie Pippen had a triple-double for Houston with 15 points, 10 rebounds and 11 assists.

Suns 94, Grizzlies 86 Jason Kidd, the only player with a triple-double this season before Thursday's games, joined the party with 16 points, 16 assists and 12 rebounds as Phoenix won at Vancouver.

Knicks 115, Timberwolves 113 In New York, Allan Houston hit a 3-point shot with 4.6 seconds left in overtime as the Knicks came back from a 16-point deficit.

Mavericks 90, Nuggets 81 In Dallas, the Mavs won the game, but lost Cedric Ceballos with a fractured right wrist. Denver lost the rookie Raef LaFrentz for the season with a torn ligament in his left knee. LaFrentz, a first-round draft pick, was averaging 14.9 points in his first 11 games.

76ers 98, Bulls 80 Allen Iverson had 20 of his 33 points in the first half to pace Philadelphia to victory. It was the sixth straight loss at home for Chicago.

Tony Dejak/The Associated Press
Shawn Kemp of the Cleveland Cavaliers, left, passing the ball over Antonio Davis of the Pacers.

Senators No. 1 After Victory Over Canadiens

The Associated Press

Andreas Johansson couldn't come out for a curtain call. He already had been helped off the ice.

Johansson scored twice as the Ottawa Senators moved a point ahead of the Philadelphia Flyers for first place in the Eastern Conference with a 3-1 victory over the visiting Montreal Canadiens on Thursday night.

NHL ROUNDUP

Johansson broke a 13-game scoring slump with his 18th and 19th goals of the season. But instead of being able to relish his best game for the Senators, Johansson was in pain. His left knee was scheduled to be examined Friday after he collided with a Montreal defenseman, Stephane Quintal, at center ice late in the game.

Penguins 3, Avalanche 2 Jaromir Jagr and Martin Straka scored third-period goals, rallying Pittsburgh to victory in Denver.

Jagr, the league's scoring leader, speared a loose puck in front of the net and pushed it past the Colorado goalie, Craig Billington, at 1:02 to tie the game. Straka got the clincher at 17:04.

Devils 3, Bruins 3 The rookie Cameron Mann again showed his flair for the dramatic as his third-period goal tied the game in Boston. Mann's four goals this season, all scored in the Bruins' last three games, have been instrumental in Boston victories or ties. This time, he found the net with 1:41 to go.

Maple Leafs 4, Islanders 1 Mats Sundin, Sergei Berezin, Tomas Kaberle and Tie Domi scored for Toronto as the Leafs won on Long Island.

SPORTS

Woods Reaches Quarterfinals

Defeat of Cink Leaves No. 1 Seed Sitting Pretty in Match-Play Event

The Associated Press

CARLSBAD, California — Tiger Woods, trying to salvage some weekend drama in a tournament suddenly short on big names, beat Stewart Cink on the 17th hole Friday to reach the afternoon quarterfinals of the Andersen Consulting Match Play Championship.

Woods never trailed in winning his third-straight match of the tournament, which began with the best 64 players in golf but had only three of the top 20 left going into the third round Friday.

Woods used his length off the tee to birdie two of the final three par-5s, finally putting the match away with a par on No. 17 for a 2 and 1 victory — or two holes ahead with one to go.

While Woods won again to advance to an afternoon match against Bernhard Langer or Jeff Maggert, Fred Couples and Phil Mickelson were in danger of being eliminated and leaving Woods as the only top-20 player still in the tournament.

Couples was 2-down to Steve Pate through 14 holes, while Mickelson was 3-down through 12 to Eduardo Romero of Argentina, who beat Greg Norman a day earlier.

Shigeki Maruyama of Japan, meanwhile, maintained his remarkable match-play run, leading Loren Roberts in his bid to make it eight straight match-play victories in a streak that began at the President's Cup.

The day began with 16 survivors chasing the $1 million first prize in the first of three tournaments sponsored by the world's five top pro golf tours. Two opening rounds had devastated the field, featuring upsets that eliminated such notables as David Duval and Greg Norman.

The winners Friday morning had to play another afternoon match to make it into the select group of four players who will tee it up in the semifinals Saturday.

Two days of match play did what the creators of the first match-play tournament in 14 years on the PGA Tour set out to do: generate pressure and excitement as players went head-to-head — playing for holes instead of cumulative strokes — with the loser heading home.

But the opening rounds cut down most of the big names, with Woods the lone remaining player in the top-10 to make it to the third round.

"We knew some top seeds would lose, but we didn't expect 90 percent of them to lose," Mickelson said.

Clifton Brown of The New York Times reported earlier:

Duval, seeded No. 2, was beaten by Bill Glasson, 2 and 1, on Thursday. Duval never led and he was not sharp, missing a 3-foot (1-meter) putt on No. 12, and an 8-foot putt for par on No. 17 to end the match.

Woods survived after a hard-fought, 1-up victory (decided on the last hole) over Bob Tway.

Before the tournament, Duval predicted some surprises, and his early departure became one of them.

"I didn't play well, and you get what you deserve when you don't play well," said Duval, who plans to take the next three weeks off. "Everybody knows I'm not the biggest proponent of this format, but beyond that, I don't want to say anything, because it makes it sound like I'm crying, and I'm not. I got beat."

Join the club. Vijay Singh, the No. 8 seed, lost to Bernhard Langer, 2 and 1. Nick Price, the No. 9 seed, was eliminated by Jeff Maggert, 1-up, when Price bogeyed the final hole, missing a 5-foot putt for par. Justin Leonard, the No. 10 seed, was defeated by Maruyama of Japan, 4 and 2.

In golf, unlike tennis or college basketball, the difference between a No. 1 seed and a No. 64 is a fine line, one that becomes even more vague under the pressure of match play.

There were numerous momentum-changing shots Thursday, and most of them went in favor of the lower-seeded players. In the midst of the surprises, there was great golf and high drama. Woods was pushed to the limit. Tway came within an inch of tying the match at No. 16, barely missing a 20-foot putt for birdie that hung on the front lip of the hole.

The final heartbreak for Tway came at No. 18. Woods hit a difficult chip shot badly near a greenside bunker, giving Tway an opportunity to even the match with a 10-foot putt for par. The putt looked good right up until it slid just past the left edge of the cup. Tway closed his eyes in anguish, while Woods breathed a sigh of relief.

"To be able to survive a match like this and get to the next round, I am relieved," said Woods.

Thomas Kienzle, The Associated Press

Christian Hoffmann of Austria, right, lunging across the finish line ahead of Thomas Alsgaard of Norway.

Austria Wins Ski Relay Despite Fallen Hero

The Associated Press

RAMSAU, Austria — With the tip of his right ski, Christian Hoffmann made cross-country history Friday in his native Austria.

Hoffmann lunged forward in a desperate final burst to beat Thomas Alsgaard of Norway at the finish line of the men's 10-kilometer relay at the Nordic Ski World Championship and give Austria its first relay gold medal at a major competition.

Markus Gandler and Alois Stadlober gave Austria a lead of nearly 30 seconds after the first two classical style legs. But Mikhail Botwinov fell on the third leg, allowing Bjorn Daehlie to slash the deficit to 5.5 seconds.

Botwinov, a Russian-born naturalized Austrian, fell in a downhill section, losing a pole and damaging his ski boot. He got up, threw away his goggles, grabbed another pole and charged ahead.

Alsgaard, a powerful finisher, caught Hoffman and then stayed behind him, waiting for the final sprint. But in the neck-to-neck finish, Hoffmann never lost the pace and pushed his ski forward to win by .02 seconds.

The silver gave Daehlie 17 world championship medals, tying him with Elena Vaelbe, the retired Russian star.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	Pct	GB
Orlando	9	3	.750	—
Miami	8	3	.727	½
New York	8	3	.727	½
Philadelphia	7	5	.583	2
Boston	4	5	.444	3½
Washington	4	6	.400	4
New Jersey	2	9	.182	6½
CENTRAL DIVISION				
Indiana	9	3	.750	—
Milwaukee	6	3	.667	1½
Atlanta	7	5	.583	2
Detroit	6	6	.500	3
Cleveland	5	6	.455	3½
Toronto	3	7	.300	5
Chicago	2	10	.167	7
Charlotte	1	8	.111	6½

WESTERN CONFERENCE

MIDWEST DIVISION	W	L	Pct	GB
Utah	9	2	.818	—
Minnesota	8	3	.727	1
Houston	7	5	.583	2½
San Antonio	6	6	.500	3½
Vancouver	4	7	.364	5
Dallas	4	9	.308	6
Denver	3	9	.250	6½
PACIFIC DIVISION				
Portland	7	2	.778	—
Phoenix	7	4	.636	1
Seattle	7	4	.636	1
L.A. Lakers	7	6	.538	2
Sacramento	6	6	.500	2½
Golden State	5	6	.455	3
L.A. Clippers	0	10	.000	7½

WEDNESDAY RESULTS

Sacramento 34 26 25 30—115
Washington 28 24 24 29—105
S: Divac 7-13 7-8 22, J.Williams 6-16 0-0 17; W: Howard 8-18 1-2 17; Jackson 7-8 3-4 17. Rebounds—Sacramento 54 (Divac 17), Washington 49 (Howard 8). Assists—Sacramento 32 (Webber 10), Washington 27 (Strickland 14).

Indiana 20 24 18 19— 81
Cleveland 24 23 16 11— 74
I: Smits 10-13 0-0 20, Jackson 6-10 2-3 15; C: Kemp 3-13 10-10 16, Potapenko 6-10 1-2 13. Rebounds—Indiana 52 (Jackson 12), Cleveland 43 (Potapenko 9). Assists—Indiana 23 (Jackson 11), Cleveland 19 (Knight 7).

Minnesota 30 31 17 26 9—113
New York 24 29 31 28 11—115
M: Garnett 9-20 7-7 25, Smith 9-18 2-4 20; N.Y.: Houston 8-16 8-9 26, Johnson 8-11 5-5 22. Rebounds—Minnesota 73 (Smith 16), N.Y. 43 (Ewing 11). Assists—Minnesota 29 (Marbury 9), New York 29 (Ward 13).

Denver 17 21 24 19— 81
Dallas 26 18 23 22— 90
Den: Van Exel 7-15 0-0 16, Fortson 5-10 5-10 15; Dal: Ceballos 6-14 8-12 20, Finley 8-16 2-2 20. Rebounds—Denver 57 (Fortson 24), Dallas 61 (Ceballos 13). Assists—Denver 16 (Alexander 6), Dallas 14 (Nash 5).

Philadelphia 18 28 24 28— 98
Chicago 17 19 18 26— 80
P: Iverson 10-20 11-11 33; C: Kukoc 6-15 3-5 16. Rebounds—Philadelphia 47 (Geiger 8), Chicago 49 (Simpkins 12). Assists—Philadelphia 29 (Iverson, Snow, Geiger 4), Chicago 23 (Kukoc, Barry 4).

Atlanta 19 30 17 27— 93
Houston 22 20 17 28— 87
A: Long 9-18 2-2 20, Corbin 6-13 2-4 17; H: Olajuwon 7-14 1-2 16, Pippen 6-14 1-4 15. Rebounds—Atlanta 50 (Long 10), Houston 51 (Olajuwon 16). Assists—Atlanta 18 (Blaylock 8), Houston 24 (Pippen 11).

Phoenix 21 21 22 30— 94
Vancouver 28 25 25 16— 86
P: McCloud 5-13 3-4 16, Chapman 6-19 0-0 16; V: Abdur-Rahim 7-17 8-10 22, Bibby 5-13 4-4 16. Rebounds—Phoenix 50 (Kidd 12), Vancouver 51 (Smith 11). Assists—Phoenix 26 (Kidd 16), Vancouver 20 (Bibby 10).

L.A. Lakers 28 19 35 33—115
L.A. Clippers 25 15 26 34—100
Lakers: O'Neal 7-11 5-8 19, Jones 5-13 6-8 17; Clippers: Taylor 10-13 0-0 20. Rebounds—L.A. Lakers 48 (O'Neal 11), L.A. Clippers 39 (Rogers, Olowokandi 6). Assists—L.A. Lakers 30 (Harper 8), L.A. Clippers 20 (Douglas 6).

U.S. COLLEGE SCORES

MEN

TOP 25

No. 6. Stanford (23-5) def. Arizona St. 87-77.
No. 7. Arizona (20-5) lost to California 89-76.
No. 9. Cincinnati (24-4) def. S. Florida 64-53.
No. 12. Utah (23-4) def. Tex.-El Paso 75-70.
No. 15. UCLA (20-7) def. Wash. St. 100-61.
No. 21. N. Mexico (22-4) def. Brig. Young 85-64.
No. 23. Purdue (19-10) lost to Minnesota 62-48.

LEADING COLLEGES

Seton Hall 70, West Virginia 67
St. Joseph's 75, Duquesne 68
Georgia Tech 74, Virginia 68, OT
Louisville 91, Ala.-Birmingham 60
Texas Christian 63, Rice 62
Tulsa 78, Southern Meth. 77
Fresno St. 95, San Diego St. 84
Southern Cal 70, Washington 57
UNLV 64, Colorado St. 61
Wyoming 93, Air Force 67

WOMEN

TOP 25

No. 3 Louisiana Tech (23-2) def. S. Alab 98-39.
No. 4 Colorado St. (28-1) def. UNLV 75-48.
No. 12 UCLA (21-6) def. Wash. St. 104-70.
No. 21 UC S. Barb. (22-3) def. UC Irvine 81-65.
No. 24 Alabama (18-9) def. S. Carolina 82-71.

ICE HOCKEY

EASTERN CONFERENCE

ATLANTIC DIVISION	W	L	T	Pts	GF	GA
Philadelphia	30	15	13	73	181	127
New Jersey	32	20	8	72	177	152
Pittsburgh	32	18	7	71	180	153
N.Y. Rangers	23	28	7	53	160	165
N.Y. Islanders	18	35	7	43	140	182
NORTHEAST DIVISION						
Ottawa	33	17	8	74	169	124
Toronto	33	21	5	71	190	175
Buffalo	27	19	12	66	158	126
Boston	24	24	10	58	150	137
Montreal	23	29	8	54	140	157
SOUTHEAST DIVISION						
Carolina	27	22	11	65	158	151
Florida	22	21	15	59	147	150
Washington	24	29	5	53	146	152
Tampa Bay	12	41	5	29	119	213

WESTERN CONFERENCE

CENTRAL DIVISION	W	L	T	Pts	GF	GA
Detroit	31	24	5	67	177	150
St. Louis	23	24	10	56	158	148
Nashville	21	32	6	48	140	190
Chicago	17	35	8	42	134	191
NORTHWEST DIVISION						
Colorado	29	22	8	66	160	146
Edmonton	22	28	8	52	156	151
Calgary	21	28	10	52	153	170
Vancouver	18	32	9	45	147	187
PACIFIC DIVISION						
Dallas	36	11	9	81	164	112
Phoenix	30	18	10	70	148	129
Anaheim	25	25	9	59	157	148
San Jose	20	25	14	54	133	137
Los Angeles	22	32	5	49	138	160

THURSDAY RESULTS

New Jersey	1	0	2	0—3
Boston	0	1	2	0—3

First Period: N.J.-Rolston 18 (Carpenter, Niedermayer) Second Period: B-Allison 17 (Kristich, Belanger) Third Period: N.J.-*Arnott 14 (Sykora, Elias) 4. B-Bourque 6* (T.Taylor) 5. N.J.-Arnott 15 (Sykora, Elias) 6. B-Mann 4 (Thornton, Timander) Overtime: None. Shots on goal: N.J.- 14-9-15-1—39. B-7-11-7-3—28. Goalies: N.J.-Brodeur. B-Dafoe.

Montreal	1	0	0	1—1
Ottawa	1	1	1	3—3

First Period: O-Johansson 18 (Prospal) 2. M-Brunet 13 (Quinn, Damphousse) Second Period: O-Johansson 19 (Alfredsson, Prospal) Third Period: O-Yashin 28 (Dackell, Redden) Shots on goal: M- 13-6-6—25. O- 8-12—28. Goalies: M-Hackett. O-Rhodes.

Toronto	2	2	0	0—4
N.Y. Islanders	0	1	0	1—1

First Period: T-Sundin 22 (Sullivan, Thomas) 2. T-Berezin 12 (Valk, Korolev) Second Period: New York, Donato 8 (Palffy) (pp). 4. T-Kaberle 4 (Cote) 5. T-Domi 6 (Johnson) Third Period: None. Shots on goal: T- 9-8-5—22. New York 3-14-11—28. Goalies: T-Healy. New York, Salo.

Pittsburgh	1	0	2	0—3
Colorado	0	2	0	0—2

First Period: P-Morozov 9, Second Period: C-Sakic 29 (Forsberg, Hejduk) 3. C-Hejduk 8 (Komensky, Gusarov) Third Period: P-Jagr 28 (Hrdina, K.Miller) 5. P-Straka 26 (Kovalev, Titov) Shots on goal: P- 11-10-9—30. C- 8-9-7—24. Goalies: P-Barnason. C-Billington.

CRICKET

ASIAN TEST CHAMPIONSHIP
SRI LANKA VS. INDIA
3D DAY, 5-DAY TEST
FRIDAY IN COLOMBO, SRI LANKA

India (518-7 declared)
Sri Lanka 293-4.
Rain and bad light forced an early close.

GOLF

WORLD MATCH PLAY

Results Thursday from the second round of the $5 million Andersen Consulting Match Play Championships at La Costa Resort and Spa course, Carlsbad, California.

UPPER BRACKET:
Tiger Woods def. Bob Tway, 1-up.
Stewart Cink def. Craig Parry, 3 and 2.
Bernhard Langer def. Vijay Singh, 2 and 1.
Jeff Maggert def. Nick Price, 1-up.
Steve Pate def. Brandt Jobe, 1-up
Fred Couples def. Scott Hoch, 1-up.
Eduardo Romero def. Greg Norman, 21 holes
Phil Mickelson def. Lee Janzen, 2 and 1.

LOWER BRACKET:
Bill Glasson def. David Duval, 2 and 1.
Andrew Magee def. Thomas Bjorn, 2 and 1.
Loren Roberts def. Paul Azinger, 2 and 1.
Shigeki Maruyama def. Justin Leonard, 4 and 2.
Jose M. Olazabal def. Michael Bradley, 2 and 1.
Steve Jones def. Scott Verplank, 5 and 4.
John Huston def. Craig Stadler, 2 and 1.
Patrik Sjoland def. Carlos Franco, 1-up.

NORDIC SKIING

WORLD CHAMPIONSHIPS

FRIDAY IN RAMSAU, AUSTRIA
MEN'S 4x10 KM RELAY

1. Austria 1:35.07.5 (Markus Gandler, Alois Stadlober, Mikhail Botwinov, Christian Hoffmann). 2. Norway 0.2sec (Espen Bjervig, Erling Jevne, Bjorn Daehlie, Thomas Alsgaard). 3. Italy 1min 30.6sec. (Giorgio Di Centa, Fulvio Valbusa, Fabio Maj, Silvio Fauner). 4. Germany 1.46.4. 5. Finland 1.48.8. 6. Sweden 2.43.4. 7. Russia 2.58.1. 8. Czech Republic 4.43.8. 9. Switzerland 4.54.7. 10. Estonia 5.09.2.

SOCCER

FRENCH FIRST DIVISION

Montpellier 2, Monaco 3
Nantes 0, Girondins Bordeaux 0
Olympique Marseille 1, Strasbourg 0
Paris St Germain 0, Olympique Lyon 1

STANDINGS: Olympique Marseille 54; Girondins Bordeaux 53; Olympique Lyon 44; Monaco 41; Nantes 39; Rennes 37; Montpellier 33; RC Lens 32; AJ Auxerre 31; Bastia 30; Paris St Germain 28; Metz 28; Strasbourg 25; Nancy 24; Toulouse 24; Le Havre 22; Lorient 21; Sochaux 17.

LIBERTADORES CUP

GROUP ONE
Bella Vista, Uruguay, 0 Nacional, Uruguay, 1
GROUP TWO
Velez Sarsfield, Arg., 1, River Plate, Arg., 1
Deportivo Cali, Colom., 1, Caldas, Colom., 0
GROUP THREE
Cerro Porteno, Parag., 4, Olimpia, Parag., 3
GROUP FOUR
Universitario, Peru, 2, Sporting Cristal, Peru, 1
GROUP FIVE
Blooming, Bolivia, 0, Wilstermann, Bolivia, 0

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

TORONTO—Agreed terms with OF Jose Cruz Jr. and C Kevin Brown on 1-year contracts.

NATIONAL LEAGUE

ATLANTA—Agreed terms with RHP Kerry Lightenberg, LHP Bruce Chen, LHP Odalis Perez, LHP Damian Moss and OF George Lombard on 1-year contracts.

CINCINNATI—Agreed terms with RHP Manuel Barrios, RHP Rob Bell, RHP Scott Sullivan and LHP Gabe White on 1-year contracts.

COLORADO—Announced retirement of RHP John Hessler. Signed RHP Loriel Gonzalez and LHP Mike Kusiewicz to 1-year contracts.

FLORIDA—Agreed terms with RHP Antonio Alfonseca, RHP A.J. Burnett, LHP Vic Darenbourg and C Mike Redmond on 1-year contracts.

MILWAUKEE—Agreed terms with RHP Joe Borowski, LHP Horacio Estrada, OF Chad Green, OF Anthony Iapoce and OF Scott Krause on 1-year contracts.

SAN DIEGO — Agreed terms with RHP Domingo German, RHP Rodrigo Lopez, RHP Jim Sak, RHP Bryan Wolff, INF Cesarin Carmona, INF Juan Melo, OF Mike Darr, OF Gary Matthews Jr., OF Pete Tucci and C Ben Davis.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

PHILADELPHIA—Waived C Benoit Benjamin. Signed F Rick Mahorn.

HOCKEY

NATIONAL HOCKEY LEAGUE

VANCOUVER—Signed G Kevin Weekes.

COLLEGE

CAL STATE-SAN MARCOS—Named Steve Scott mens and womens track and cross country coach.

NORTH CAROLINA STATE—Announced that F Kenny Inge has been suspended from basketball team indefinitely.

CONFERENCE USA—Reprimanded Cincinnati mens basketball coach Bob Huggins for comments made over the public address system during a game on Feb. 17.

MISSISSIPPI—Announced suspension of C Johnnie Rogers for rest of season.

THE WEEK AHEAD

SATURDAY, FEB. 27

CRICKET, Auckland, New Zealand — ICC, New Zealand vs. South Africa, first test, to March 3.

RUGBY, Brisbane, Australia — Queensland, Australia, vs. Wellington, New Zealand. Dunedin, New Zealand — Otago, New Zealand, vs. Auckland. Auckland, Durban, South Africa — Coastal Sharks, South Africa, vs. New South Wales, Australia. Pretoria, South Africa — Northern Blue Bulls, South Africa, vs. Western Stormers, South Africa.

SKIING, Are, Sweden — women, Alpine World Cup, downhill; Offerschwang, Germany — men, Alpine World Cup, giant slalom.

SWIMMING, Gelsenkirchen, Germany — World Cup, to Feb. 28.

SPEEDSKATING, Roseville, Minnesota — World Cup, to Feb. 28.

SUNDAY, FEB. 28

SKIING, Offerschwang, Germany — men, Alpine World Cup, slalom.

MONDAY, MARCH 1

TENNIS, Copenhagen, Denmark — ATP Tour, Copenhagen Open, through March 7; Scottsdale, Arizona — ATP Tour, Franklin Templeton Classic, through March 7.

TUESDAY, MARCH 2

GOLF, Cabo San Lucas, Mexico — golf, men, U.S. Senior PGA Tour, Senior Slam, through March 3.

SOCCER, UEFA Cup, quarterfinals, First leg: Atletico Madrid, Spain, vs. AS Roma, Italy); Olympique Marseille, France, vs. Celta Vigo, Spain); Bordeaux, France, vs. Parma, Italy); Bologna, Italy, vs. Olympique Lyonnais, France. Copa Libertadores, first round, *Group 1, Monterrey, Mexico, vs. Bella Vista, Uruguay*); Group 2, Once Caldas, Colombia, vs. River Plate, Argentina); Group 5, Emelec, Ecuador, vs. Wilstermann, Bolivia)

WEDNESDAY, MARCH 3

SKIING, Kuopio, Finland — ski jumping, Nordic World Cup, 120K Hill.

SOCCER, Guatemala City — exhibition, Guatemala Cup, through March 7, Guatemala, Bolivia, Jamaica, Paraguay. European Champions Cup, quarterfinals, First Leg: Bayern Munich, Germany, vs. FC Kaiserlautern, Germany); Juventus, Italy, vs. Olympiakos, Greece); Manchester United, England, vs. Inter Milan, Italy); Real Madrid, Spain, vs. Dynamo Kiev, Ukraine. Copa Libertadores, first round, Group 3, Cerro Porteno, Paraguay, vs. Palmeiras, *Brazil, Group 4, Universidad* Catolica, Chile, vs. Sporting Cristal, Peru)

THURSDAY, MARCH 4

CRICKET, Lahore, Pakistan — cricket, Asian Test Championship, Pakistan vs. Sri Lanka, through March 8.

GOLF, Portimao, Portugal — golf, men, PGA European Tour, Portuguese Algarve Open. *Le Meridien, through March 7; Canberra*, Australia — golf, men, Australasian PGA, The Tour Championship, Canberra, Australia, through March 7; Miami — golf, men, U.S. PGA Tour, Doral-Ryder Open, Miami, through March 7.

SOCCER, European Cup Winners Cup, quarterfinals, First Leg: Lazio, Italy, vs. Panionios, Greece); VK Varteks, Croatia, vs. Mallorca, Spain); *Lokomotiv Moscow, Russia, vs.* Maccabi Haifa, Israel); Chelsea, England, vs. Valerenga, Norway); Copa Libertadores, first round, Group 2, Deportivo Cali, Colombia, vs. River Plate, Argentina); Group 4, Universitario, Peru, vs. Colo Colo, Chile.

TENNIS, Indian Wells, California — WTA Tour, Evert Cup, through March 14.

FRIDAY, MARCH 5

ATHLETICS, Maebashi, Japan — World Indoor Championships, through March 7.

AUTO RACING, Melbourne, Australia — Formula One Australian Grand Prix testing.

CRICKET, Port-of-Spain, Trinidad — First Test, West Indies vs. Australia, through March 9.

GOLF, Tomagusuku, Japan — Japan LPGA, Daikin Orchid Ladies, through March 7.

RUGBY UNION, Auckland, New Zealand — Super 12, first round, Auckland, New Zealand, vs. Canterbury, New Zealand); Durban, South Africa — Super 12, first round, Coastal Sharks, South Africa, vs. Australian Capital Territories, Australia.

SKIING, Kvitfjell, Norway — men, Alpine World Cup, downhill; St. Moritz, Switzerland — women, Alpine World Cup, downhill, Kreischberg, Austria — men, women, Snowboard World Cup, through March 7; Lahti, Finland — Nordic World Cup, cross-country, men's 15-km freestyle, 20-km relay; women's 10-km freestyle, 10-km relay, through March 7.

SOCCER, Copa Libertadores, first round, Group 3, Olimpia, Paraguay, vs. Palmeiras, Brazil, Group 5, Liga de Quito, Ecuador, vs. Wilstermann, Bolivia.

SPEEDSKATING, St. Louis, Missouri — World Short Track Speedskating Team Championships, through March 7.

SATURDAY, MARCH 6

AUTO RACING, Melbourne, Australia — Australian Grand Prix, qualifying.

BOXING, Minneapolis — Will Grigsby, U.S., vs. Anis Raga, Indonesia, 12-round bout for Grigsby's IBF junior flyweight title.

RUGBY UNION, Five Nations — France vs. Wales, Ireland vs. England, Edinburgh, Scotland — test, Scotland vs. Italy; Super 12, first round, Waikato, New Zealand, vs. Queensland, Australia); Golden Cats, South Africa, vs. New South Wales, Australia); Otago, New Zealand, vs. Northern Blue Bulls, South Africa); Waikato, New Zealand, vs. Queensland, Australia); Golden Cats, South Africa, vs. New South Wales, Australia); Otago, New Zealand, vs. Northern Blue Bulls, South Africa.

SKIING, St. Moritz, Switzerland — Alpine World Cup, super-giant slalom; Kvitfjell, Norway — Alpine World Cup, downhill; Lahti, Finland — Nordic World Cup, Nordic combined: ski jumping, 116K Hill, through March 7; Meiringen-Hasliberg, Germany — Freestyle *World Championships, through March 14.*

SPEEDSKATING, Inzell, Germany — World Cup, through March 7.

SOCCER, Merida, Venezuela — Copa Libertadores, first round, Group 1, Estudiantes, Venezuela, vs. Bella Vista, Uruguay.

SUNDAY, MARCH 7

ARCHERY, Havana, Cuba — World Indoor *Championships, through March 12.*

ATHLETICS, Otsu, Japan — Biwako Mainichi Marathon.

AUTO RACING, Melbourne, Australia — Australian Grand Prix.

BASKETBALL, Overland Park, Kansas — U.S. college championship tournament pairings announced.

CYCLING, Paris-Nice classic, through March 14.

RUGBY UNION, Wellington, New Zealand — Super 12, first round, Wellington, New Zealand, vs. Western Stormers, South Africa.

SKIING, Kvitfjell, Norway — 5 Alpine World Cup, super-giant slalom.

DENNIS THE MENACE

"OKAY, DAD. YOU READ, AND I'LL DO THE SPECIAL EFFECTS."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TAVIL

TOXEL

NEMPAN

YALTIX

It's time for your annual itself

WHAT THE TAXMAN GAVE THE DOCTOR.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Ans: AN

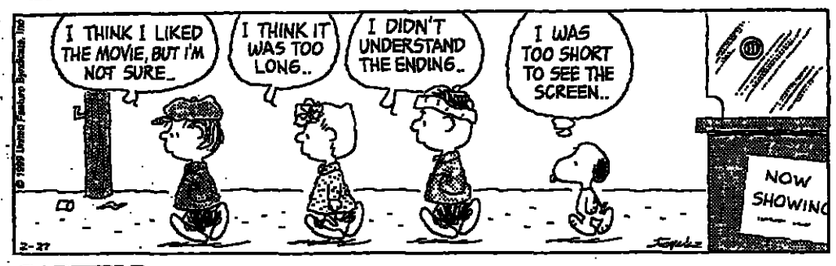
(Answers Monday)

Yesterday's Jumbles: DOUSE EXCEL OUTING CALLOW

Answer: You might say the fashion model was this to his work — WELL SUITED

Internet address:
http://www.iht.com
Herald Tribune
THE WORLD'S DAILY NEWSPAPER

PEANUTS



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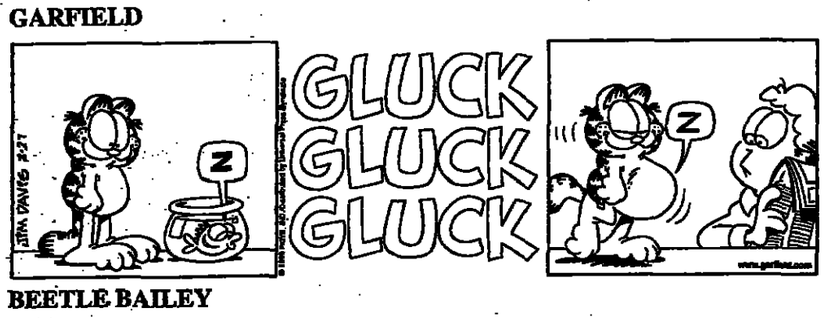
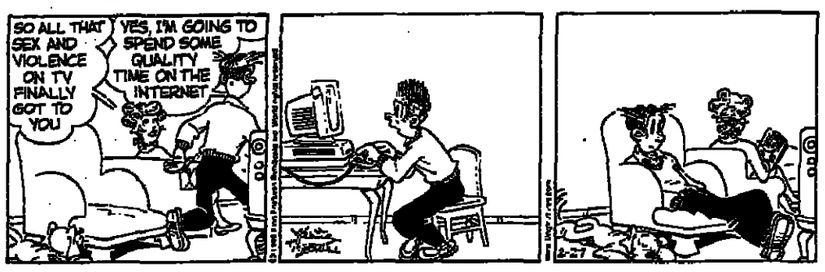
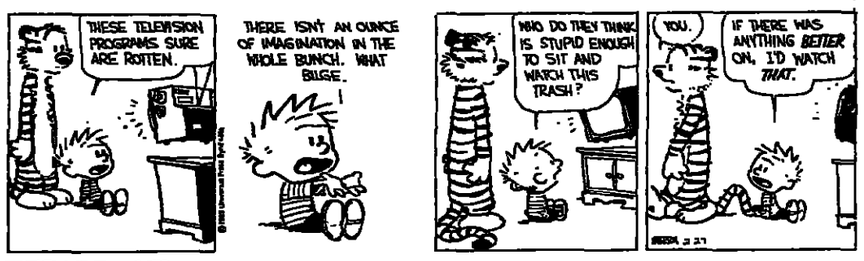


BEETLE BAILEY

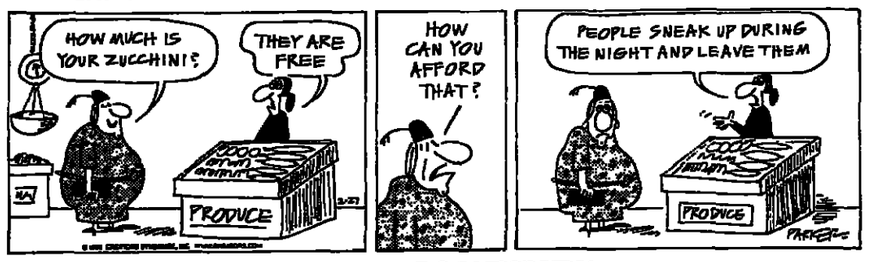
BLONDIE



CALVIN AND HOBBES



WIZARD of ID



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DOONESBURY

DAVE BARRY

The Bill of Wrongs

MIAMI — Lately there's been a lot of talk about an Air Traveler's Bill of Rights. This idea got a big push in January when a snowstorm forced some loaded planes to sit out on the Detroit airport runway for as long as eight hours, during which several passengers were eaten by wolves. This incident provoked national criticism of the airline involved, which I will not identify here other than to call it The Diametrically Opposite of Southeast Airlines. In its defense, the airline issued the following statement:

"We are experiencing mechanical difficulties with our statement."

I personally have had good luck with Diametrically Opposite Airlines, which — this is true — recently flew me from Miami to Traverse City, Michigan, via Detroit, for free. I fully intended to pay for the trip: I purchased what I thought was a ticket, and I used it to board the Miami-Detroit flight. But when I got to Detroit and tried to board the Traverse City flight, the gate agent told me my "ticket" was not a ticket. She then looked in her computer and told me, quote, "You're not in the system."

She looked in her computer and told me, quote, "You're not in the system."

"But I'm here," I pointed out. It was true. I was there.

"Well, there's no RECORD that you're here," the agent said. She called a supervisor, who checked the computer and also concluded that I was not there. I continued to argue that I WAS there, but I could tell they both believed the computer. Finally, just to get rid of me, they put me, with no ticket, on the flight to Traverse City, where there was also no record of my existence. I'm wondering if this is what happened to Amelia Earhart. All I know is, I was never charged for either leg of my trip to Traverse City, which for the record is a very nice tourist destination, featuring an annual ice-fishing festival, where this year the most popular attraction by far was a giant toilet carved from ice.

But my basic point is that air travel has become less and less pleasant, as more and more passengers are being crammed into planes that appear to have been configured to transport bait. This is why there is talk of an Air Traveler's Bill of Rights, which would require airlines to determine their fares on some basis other than lotto drawings, and serve food that is not made from the same material as flotation devices, and provide seats that allow for the possibility — however remote — that some passengers might have both arms AND legs.

As a frequent flyer, I am for these basic rights, and would like to see them expanded to include the following:

1. A passenger has the right to know that the pilot is alert and in good physical condition. When boarding the plane, the passenger may check the pilot's reflexes by challenging him to a game of "slaps."

2. If the in-flight movie is "The Waterboy," and this has also been the movie on the past four consecutive flights that a passenger has been on, the passenger has the right to demand that the pilot fly the plane into a mountain.

3. If a passenger is standing at the ticket counter with some hideously complex airline problem that has caused the other airline counter personnel to be sucked over, one by one, until they are all gathered in front of the problem passenger, staring in bafflement at the computer terminal, and this has been going on for 25 minutes, then the passengers waiting in line behind the problem passenger have the right to rush forward in a mob and stuff the problem passenger into the little box that indicates the maximum size of carry-on baggage.

My basic point is that air travel has become less and less pleasant.

4. If, during the flight, a passenger hears a funny noise and asks the flight attendant what it is, the passenger has the right to not be brushed off with some condescending statement such as "that's a hydraulic compressor; it's perfectly normal." The flight attendant should just admit that the plane is going to crash and everybody is going to die.

5. Passengers changing planes in the Dallas-Fort Worth airport have the right to be provided with some way to travel the average 17 miles to their connecting gates other than walking or taking a "tram" that travels at the speed of fingernail growth and at one point passes through Mexico. Also, the Miami, Atlanta and Detroit airports should be renovated with nuclear weapons. The Denver airport is nice but should be moved to the same state as Denver. The Boston airport should also be moved to the same state as Denver; that way it would be easier to get to it from downtown Boston than it is now.

So those are my views on Air Traveler's Rights. If you're a frequent flyer, and you want to share your thoughts on this topic, I'd love for you to get in touch with me. Unfortunately, there is no record of my existence.

1999, The Miami Herald
Distributed by Tribune Media Services Inc.

A Fresh Cinematic Vision of Iranian Reality

By Leslie Camhi
New York Times Service

NEW YORK — During the summer of 1997, in a poor district in southern Tehran, the authorities learned that a 65-year-old man, together with his blind wife, had kept his 12-year-old twin daughters locked inside their house since birth.

Social workers intervened; the girls, unwashed and barely intelligible, were temporarily removed to a child welfare agency. Their parents were taken in for questioning.

Close by, in another neighborhood, an 18-year-old girl and her father, a prominent filmmaker, watched these events unfolding on the evening news and discussed them excitedly. Within days, the girl had borrowed her father's movie camera and the film stock for his next feature (a precious commodity, controlled by the government).

With her father's help, and a minimal crew, she began shooting, on location, the real-life characters in this drama.

"The Apple," an astonishing directorial debut by Samira Makhmalbaf, written and edited by her father, Mohsen Makhmalbaf, won praise when it was screened at the Cannes Film Festival last spring, but it also provoked a certain confusion. "One critic asked: 'What kind of country is Iran?' " Samira Makhmalbaf recalled, speaking animatedly in a mixture of English and Persian. " 'Is it a place where 12-year-old girls are incarcerated, or where 18-year-old girls make movies?' "

The film, which opened in New York last week after screening in the New York Film Festival last fall, is both a realistic re-creation of surreal events and a subtle allegory about the need for liberty. It mixes simple, potent symbols — a mirror, a watch, an apple — with surprisingly natural performances and cinematic sophistication, yet its true charm stems from the extraordinary gentleness and humor with which it surrounds the frail participants in this social tragedy.

The twins, though largely mute and physically impaired from years of confinement, nevertheless illuminate the screen with their awkward intelligence and palpable delight in freedom. Their impoverished, elderly father quotes from an antiquated parenting manual, describing girls as flowers, easily faded by the "sun" of strange men's gazes; his wily, hard-headed simplicity, which produced such calamitous consequences, is also touching and funny.

Yet the film's most painful and haunting presence is the girls' blind and severely disturbed mother, a spectral figure who prefers to remain locked in her home, wrapped in her chador and continually muttering curses.

Bertrand Guay/Agence France-Presse

Samira Makhmalbaf began making her film, "The Apple," at age 18.

"It is useless to try to find someone to blame for her condition," said Makhmalbaf, sitting in the Manhattan offices of her distributor, New Yorker Films. "Who is to tell whether it was her husband's wish for her to be incarcerated, or her own? By the time society intervenes, she has so radically internalized this norm that even when the door is opened, she doesn't know what to do. The veil has become her entire universe.

"What I noticed about those two girls is that the more they came into contact with society, the more complete they became as human beings. For me that became a metaphor for all women. The other women in the neighborhood all have bars in front of their houses. They're all wearing chadors. They live in the same prison, just a little better. It doesn't mean they are as free as men, to have a role in society.

"But sometimes I think that women in Iran are like a spring. When you push them a lot, when they are under pressure, they are closed. But if they want to be free, and if they try, they burst out with a lot of energy."

It is tempting to see Makhmalbaf, who is articulate and vivacious, as the embodiment of a new generation. In fact, her precocious emergence as a filmmaker coincided with the promise of social change in Iran.

In May 1997, Mohammed Khatami was elected president in a landslide victory; he pledged openness, tolerance and concern for the aspirations of young people and women.

"It was very important that Khatami talked about young people," Makhmalbaf said. "For 19 years, nobody cared about them."

Yet Makhmalbaf's startling cinematic vision is also the product of a unique education and circumstances. Among Iran's New Wave of filmmakers, Abbas Kiarostami may be the darling of Western critics, but Mohsen Makhmalbaf is more widely admired at home. Makhmalbaf practically grew up on sets where she watched her father direct more than a dozen features.

At age 15, Makhmalbaf informed her family that she wanted to quit high school to devote herself to film. "It took some time to convince them," she said. "That was my first practice in directing."

In response to her requests for guidance, her father suggested books and films; friends and other family members soon joined their discussions. "Gradually, our meetings became more systematized, like lessons in a school," she said. "We studied the history of art, music, architecture, film, video, photography, literature and poetry."

During that time, Makhmalbaf made two video shorts, a documentary about styles of European painting and a fiction about a frustrated young artist.

Home schooling also sparked the cinematic ambitions of Makhmalbaf's siblings. Her 19-year-old brother Messam, who worked as a still photographer on "The Apple," is interested in editing; her little sister Hanna made her first short film at the age of 8.

The unlikely parallels between the destitute family in "The Apple" and this highly cultivated but incongruous household of auteurs were not lost on the film's Iranian viewers.

"Mr. Makhmalbaf also kept his children at home," said Jamsheed Akrami, an Iranian film critic who teaches at William Paterson University in Wayne, New Jersey. "Not as prisoners, of course. But his logic was, I'm not happy with the educational system, I'm going to educate them myself. Well, it struck me that the actions of the father in the film were something like his."

Whatever its debt to her father's esthetic legacy, "The Apple" is guided by Samira Makhmalbaf's spirit of youth and independence. Yet "The Apple" also builds upon the contradictions of a country that since its Islamic revolution has supported a flourishing professional class of women while enforcing their *hijab*, or ritual veiling and seclusion; a country that has seen one of the world's great contemporary cinemas flower amid strict government censorship.

Iranian film censors require women's figures to be veiled; male and female actors are prohibited from touching, and the use of close-ups is discouraged. Paradoxically, by making naturalistic depictions of romance difficult for directors to achieve, these restrictions have contributed to the development of a cinema uniquely engaged with social reality.

"What is being created," Makhmalbaf said of her film, "in effect is a Third World, neither real nor documentary; a conversation, a give-and-take, between my imagination and their reality. I didn't take my camera and intrude into the family's privacy. Instead, I generated an atmosphere of trust, in which we made the film together, collectively."

Fiona Hanson/Agence France-Presse

BRAVO — The conductor Zubin Mehta and the Israel Philharmonic Orchestra receiving applause during a concert at Buckingham Palace in London.

PEOPLE

IT WAS not a violation of celebrity airspace that caused the helicopter pilot **Robert Butler** to run afoul of a 40-year-old law against reckless flying, a prosecutor said. It was the noise made afterward by the neighbors. Residents of Malibu, California, complained in droves to sheriff's deputies about the 15 paparazzi-laden helicopters hovering over their neighborhood on July 1, the day **Barbra Streisand** married **James Brolin** at her cliff-side compound. But only one helicopter pilot flew too low, said the deputy district attorney, **Martin Herscovitz**. Witnesses said that Butler broke away from the other helicopters and buzzed over the wedding, endangering the lives of the 250 guests, according to the police. So in what Herscovitz called the first criminal case involving airborne paparazzi, Butler, 37, was charged Thursday with reckless flying and disturbing the peace. He faces up to nine months in jail and a $1,400 fine.

□

"Baywatch," one of the world's most-watched television series, is moving to Australia after all, after its producers secured an agreement Friday with Queensland State officials. The announcement came two days after the producers were heckled by about 2,000 rowdy opponents of the California program's proposed move to the Sydney beachside suburb of Avalon. The Queensland tourism minister, **Bob Gibbs**, said the deal was finalized in a meeting with **Gregory Bonnan**, executive producer of "Baywatch." Gibbs said it would be worth about 20 million Australian dollars ($12.6 million) to the local economy. "Baywatch," which is responsible for nurturing the acting careers of **Pamela Anderson**, **Yasmin Bleeth** and **David Hasselhof**, is televised in 144 countries in 32 languages.

□

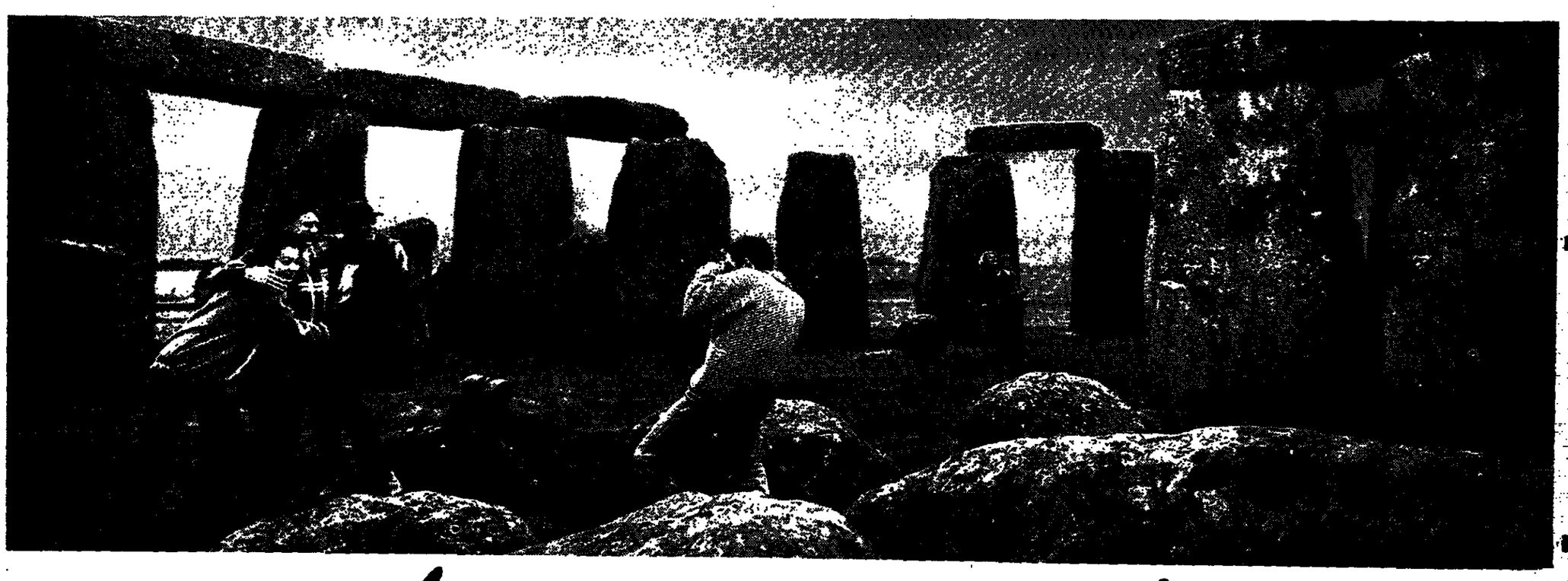
Prince Edward is planning a U.S. tour to raise awareness and donations for the restoration of Windsor Castle, which was damaged in a fire in 1992. Stops on his tour, which will kick off in Miami on Wednesday, include Palm Beach, Florida, Chicago and Beverly Hills, California. The fire destroyed or damaged nine rooms in the royal family's weekend retreat west of London. It reopened to visitors in 1997 after about £30 million ($60 million) worth of repairs. Edward plans to marry **Sophie Rhys-Jones** at the castle on June 19, a spokesman said.

□

Princess Juliana of the Netherlands has told her country in a letter that she will withdraw from public duties before her 90th birthday in April. "In my old age, public appearances are too demanding," the former queen said. Juliana abdicated in favor of her daughter, **Queen Beatrix**, in 1980.

□

John Lee Hooker is returning $20,000 he received as part of his lifetime achievement award from the Rhythm & Blues Foundation. "I'm glad to be part of helping out by returning the funds from this award to help those who need the help right now," said Hooker, 81. The foundation assists needy artists.



(take in a rock show)

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